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SOME FOREIGN PROBLEMS OF THE NEXT ADMINISTRATION

By Edward M. House

THE aim of the Democratic administration which assumes office on March 4 will be to liquidate the war — to liquidate it finally, so that world confidence may be restored, world trade freed of its shackles, and the minds and energies of statesmen everywhere turned to new and constructive purposes. Three Republican administrations have failed to do this. Their refusal to face economic problems realistically and their parochial attitude in international political questions have made the present task extremely difficult. Indeed, it is no exaggeration to say that the policies of the Harding, Coolidge and Hoover administrations, inspired by the selfish and uncoöperative attitude which the Republican Party adopted because of their implacable hatred of Woodrow Wilson, must be held in large measure responsible for the continuation of the war psychology, the frustration of all attempts at thoroughgoing economic rehabilitation through international action, and the sense of insecurity now prevailing in every quarter of the world. To restore men's confidence in the ability of governments to govern is the first task of our times. It must be the first task of the Roosevelt administration.

Before I proceed to enumerate some of the specific matters which will have to be dealt with in any attempt to liquidate the war, let me speak of the general spirit which Mr. Roosevelt's public statements authorize us to believe will guide him while he is President. As he remarked in closing his article in FOREIGN AFFAIRS in July 1928, "It is the spirit, sir, which matters." I think that in office Mr. Roosevelt will be equitable and resolute, in his dealings alike with his fellow citizens and with foreign governments. He will learn as he goes along, not seek to impose

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preconceived solutions. He revealed something of his philosophy in a modest little talk at Poughkeepsie on election eve. "A man comes to wisdom in many years of public life," he remarked. "He knows well that when the light of favor shines upon him, it comes not, of necessity, that he himself is important. Favor comes because for a brief moment in the great space of human change and progress some general human purpose finds in him a satisfactory embodiment. To be the means through which the ideals and hopes of the American people may find a greater realization calls for the best in any man; I seek to be only the humble emblem of this restoration."

It must not be forgotten that Mr. Roosevelt was a member of Woodrow Wilson's official family and came under the spell of that courageous and idealistic leader. Early in his term of office President Wilson gave an example of his courage, his common sense and, as it proved, his foresight. A dispute arose with Great Britain over the interpretation of a treaty regarding the tolls to be charged on vessels passing through the Panama Canal. When after careful study the President came to believe that the American interpretation was wrong, he did not hesitate to reverse the policy of the previous administration, although he himself had indorsed it in 1912. In the face of hostile public sentiment, and undeterred by lack of support in Congress, he adopted and successfully maintained the position that this country could not afford to have its integrity questioned. His action gave Europe a belief in his courage and fairness which was to stand him and the United States in good stead in later years of stress.

It is in this sort of spirit, I believe, that President-elect Roosevelt will proceed to the decisions necessary to a final liquidation of the war — decisions no less momentous than those which faced our war President. Let me mention the chief problems involved and try to forecast how I think the next administration is apt to view them.

The American tariff problem is very generally misunderstood today because it has completely changed since the World War. Before 1914 we were a debtor country, paying interest and amortization to foreign creditors on the moneys they had lent us to exploit our natural resources, build our railways, and expand our industries. Every year we supplied our foreign creditors with a large volume of dollars, which they used to buy goods here. We had, consequently, a so-called "favorable balance of trade,"

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that is to say, we exported more than we imported. Countries similarly placed were Russia, Brazil, India, Haiti and Guatemala —debtor countries like ourselves, giving up part of their production to their creditors. Countries with a so-called "unfavorable balance of trade" were Great Britain, France, the Netherlands, Switzerland and Germany — creditor countries which, like individual capitalists, could afford to consume more than they produced with their own labor.

The World War made us a creditor country. It increased our buying power and reduced the buying power of our former creditors — and present debtors. In this changed situation the logic would call for a reversal of the balance of trade. This could come about in one of two ways. It could come about in a good way — through a larger return to the United States in goods and services; or in a bad way — through a decrease in exports. The way chosen would depend primarily on our tariff policy. In 1919 and 1920 many careful observers recognized the dangers of raising our tariff. Even the Republican platform of 1920 admitted that there was such a thing as "the problem of the international balances," and stated that, in view of uncertainty regarding this point, the Party could not say what it would do in 1921. Twenty years before, William McKinley, in his last speech, had foreseen the necessity of a shift of policy, saying: "A system which provides a mutual exchange of commodities is manifestly essential to the continued and healthy growth of our export trade. We must not repose in fancied security that we can forever sell everything and buy little or nothing."

But all evidences of a new spirit in the Republican Party disappeared when the landslide of 1920 brought Warren G. Harding to the Presidency. I have never heard it alleged that Mr. Harding was an economist. He had an "affection for the tariff as a political issue," and he settled this question, like others, in terms of his affections. The result was the Fordney-McCumber Bill of 1922.

Warnings that this high tariff would choke our export trade proved premature. From 1922 to 1929 our exports of manufactured goods grew steadily, though exports of raw materials and foodstuffs barely held their own or, in some cases, decreased. Our European customers were obtaining dollars here with which to buy our goods, and did it without selling us as many goods in return. How was this accomplished? It was accomplished by a thoroughly unsound financial development. When President

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Harding put in a personal appointee as Governor of the Federal Reserve Board in the place of W. P. G. Harding, he broke the Board's independence and sense of responsibility. The new political influences in the Board worked steadily for a cheap money policy which made bank credit multiply and enabled the United States to absorb an enormous volume of foreign securities. We would not let foreigners earn the dollars to pay us their debts; but we cheerfully lent them dollars to pay us the interest.

In 1928 Mr. Hoover undertook to reply to criticism on this score, saying that it was not necessary that exports be paid for by imports, because of the "invisibles" of foreign trade.[1] He listed the 770 millions paid out in 1927 by our tourists and the 240 millions sent abroad by immigrants, and mentioned "a hundred other items." Among these hundred other items, however, was the one all-important item — the net cash figure for our foreign investments. In the previous year, 1927, it had amounted to $1,648,000,000. On it our export prosperity rested. Mr. Hoover's argument is typical of the "new era" economics of 1928 and 1929, which implied that debts can be created without consideration of how they are going to be paid. Foreign trade and foreign loans collapsed together. If this was "the American system" we are well through with it.

Mr. Hoover has not admitted the existence of any *general* problem in the tariff. In his speech of acceptance on August 11, 1932, he said: "If our opponents will descend from vague generalizations to any particular schedule, if it be higher than necessary to protect our people or insufficient for their protection, it can be remedied by this bipartisan Tariff Commission." The only tariff problem in his eyes concerns the particular schedules which the Tariff Commission shall fix after ascertaining costs of production at home and abroad, and recommending equalizing rates.

Now this principle of equalizing costs, carried out logically, would remove all incentive to foreign trade, the whole basis of which lies in the comparative superiority of different countries in different lines. In the United States, where land and capital are relatively abundant and labor relatively scarce, we concentrate on mass production. In Europe, handwork and specialty production are more economical. Wages have been comparatively high in America because men have been scarce and resources abundant. Our immigration restrictions and not our tariffs have safeguarded

[1] Speech in Boston, October 15, 1928.

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our wages. Nor do our high wages mean that our cost of production is high, since the labor cost per unit of output is low.

The past three administrations have been interested only in adjusting individual schedules. But the true tariff problem is a general one — the problem of how to enable foreigners to earn enough dollars here to pay their debts and take our exports, *without the necessity of foreign loans*. According to present schedules, foreign countries must pay us something like $1,200,000,000 a year on what they have already borrowed from the American people. We must permit them to pay us without having to borrow more money from us. They can pay partly in goods, partly in services, partly in gold. We must adjust our tariff policy so that our foreign lending will be safe, while at the same time our domestic undertakings are adequately protected against undue competition. Many schedules must be reduced moderately, and some sharply. I am not proposing free trade, or even a tariff for revenue only, but rather the "competitive tariff for revenue" called for in the Democratic platform. This will still leave us a protective tariff, but not a prohibitive tariff. If foreign goods are admitted on a competitive basis, our farmers will regain their foreign markets and our manufacturers will regain their farm markets. Incidentally, a moderate tariff which admits foreign goods brings in revenue to the government, whereas prohibitive tariffs do not.

The first argument against our post-war tariff policy, then, is that it makes our customers unable to obtain the dollars which they need to pay their debts and buy our agricultural products and the manufactured goods in which we excel. The second is that it produces retaliatory measures abroad. A war of strangulation is in process between almost every country and every other country. As Newton D. Baker said in his admirable campaign address in Brooklyn, this war has existed since the Hawley-Smoot tariff bill was passed in the Congress of the United States. Take as a case in point the present state of our relations with Canada, our closest neighbor and best customer. The resentment and loss caused in Canada by our recent tariff policy was the last straw needed to turn the British Empire into a protectionist unit. That was a momentous event, and one which will have most unfortunate results for the United States. We have only ourselves to blame.

The tariff war is partly retaliatory; partly it is based on false theories; partly (in countries struggling to maintain their cur-

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rencies with inadequate gold reserves) it is almost a matter of necessity. Quotas and restrictions on foreign exchange dealings are added to tariffs; currencies fall as a result of the stoppage of trade; and then exchange depreciation is made a pretext for new tariffs, with further exchange depreciation as a result. It is a fallacy to believe that the depreciation of a foreign country's currency justifies raising tariffs against that country. A country whose currency is depreciating and fluctuating is seriously handicapped in its whole economic life, including its export trade. Our experience since the war is proof of this fact, which was emphatically confirmed by the Chairman of the United States Tariff Commission, Robert L. O'Brien, a Republican and a protectionist, in his testimony last May before the House Ways and Means Committee.

The creditor countries must break the present vicious circle. The United States should lead the way. The international conference to reduce tariffs which Governor Roosevelt has announced his intention of calling may prove a turning point in world history.

A second tariff reform should be discussed either at this conference or at the projected World Economic Conference. Almost as much as they need reduction in tariffs, the nations need tariff stability, so that their manufacturers may plan, their farmers plant, and their miners produce, without fear that suddenly their export trade will be shot down from ambush by an executive order of some foreign government. Reform of this abuse by the establishment of decent standards of government regulation of international trade is an essential part of the general program for restoring world stability.

Closely allied to the tariff problem is the problem of the war debts. I think the new administration should make the greatest possible effort to put the war debts once for all on such a basis that they are no longer a political question in the world. How this can best be achieved must be a matter for negotiation with each of the foreign governments owing debts to the United States. It is to be hoped that without default or postponement of present instalments the individual debtor governments will in the spring request conferences with the United States Government, in order to deal with the whole problem in a systematic way. Mr. Roosevelt has announced that he favors a conference with our debtors to bring about a definite understanding with them, and has indi-

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cated that payment can only be expected if we permit imports by lower tariffs.

It may be urged that if we make definitive debt settlements in the near future we might later discover that we had accepted smaller payments than necessary. According to that reasoning we should leave the question open. But Mr. Roosevelt went to the heart of the problem in his speech of February 2, 1932, when he called for an early accord regarding future payments. *Uncertainty* is one of the factors delaying the return of normal economic conditions. While the debt question hangs fire, for example, England cannot set a new par for sterling and return to the gold standard. Like many other related matters, this is of much importance to American trade, and so to the budget of the United States Government.

At Lausanne, the Allied Governments made a sincere effort to forget war hatreds and took a long step towards disposing of the reparations question once for all. They were able to do this because their peoples had come to realize that the black reparations cloud hanging over Europe carried less promise of fruitful rain than the threat of catastrophic new storms. In the same way, and for similar reasons, the American people must be ready — as practical business men, for reasons of cold common sense — to do what is necessary in order to dispose finally of the war debts as a political question.

Coincident with a change in the spirit ruling our economic foreign policy must go a change in the spirit of our foreign policy in political matters. The great problem of government is how to reestablish a sense of security in the world. If we are sincere in preaching disarmament, we must help to give nations cause to feel that their lands and possessions are safe. Disarmament follows security. It cannot be achieved under any other circumstances.

In this connection let us turn to the Democratic platform adopted at Chicago in June, one of the plainest and most terse enunciations of party principle in the history of American politics. Among the elements of the "firm foreign policy" which it demands is the maintenance of the Pact of Paris, "to be made effective by provisions for consultation and conference in case of threatened violation of treaties." This phrase gives recognition to the fact that on the long and weary road to disarmament political solutions must precede technical solutions. The degree to which

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a nation will agree to disarm will depend upon the degree to which it feels that it will be secure without the armaments which it is asked to give up. Partial naval disarmament became possible only when political agreements had showed the peoples involved that they would be safer under the proposed new conditions than they were with each nation acting for itself and the devil threatening to take the hindmost. Disarmament of land forces will become possible only when mutual assurances have been given and received that no great nation will, without warning or negotiation, frustrate the plans which other nations have made for acting cooperatively to restrain possible aggressors from breaking the peace. It is one thing to reserve freedom of judgment and eventual freedom of action; it is quite another thing to refuse to behave as a responsible sovereign member of the world society, willing and anxious to discuss frankly whether or not a certain proposed international action coincides with our interests and will help to preserve peace.

One of the principal preoccupations of our government in recent months has been the situation in the Far East. The United States has a double interest in the dispute over Manchuria. Its first interest is in maintaining the sanctity of treaties, which is merely part of the general question of maintaining international peace. Its second interest is to uphold the traditional policy of the "open door." On this second point the policy of our government is subject to negotiation in the light of changes in the general world situation, and, in particular, of changes in the situation in the Far East. The principle enunciated by Secretary Stimson last summer looks either to a return to the *status quo ante* through the spontaneous action of the two Powers directly party to the Manchurian dispute, or else to the settlement of outstanding questions by direct negotiation between those Powers under the auspices of the League of Nations. If the second course can be successfully pursued, so that the dispute is dissolved by direct negotiation without further bloodshed, the real aim of the American people will have been achieved, the power of the Kellogg Pact will have been vindicated, and the world will have cause to be well satisfied.

Nations like individuals are subject to moods. And in both cases ugly moods provoke dislike and, eventually, retaliation. Prosperity is not in itself hateful. But arrogance, the conscious pride of wealth, a refusal to recognize the responsibilities that go with

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power, are universally disliked in individuals and are in the end rebuked. We have discovered lately that nations are not exempt from this law. Because of our happy geographical position and vast natural resources we long felt immune from the rules which older nations found it useful to observe in international intercourse. We did not recognize that wealth and power are apt to engender envy, and that the possessor of them must show an unusual degree of fairness and consideration in all his dealings.

There is something else to be said on this point, however. In the post-war decade the world got the impression that American springs of wealth were exhaustless. In the same way that the American people have got to understand that the nations of the world are "all in one boat," the peoples of other lands will have to realize that pictures of fabulous and everlasting prosperity in the United States were unreal and misleading. Our budget was nearly 3 billion dollars out of balance last year, and will be perhaps 2 billions out this year. The duty of taking account of another nation's resources and capacities does not fall on the United States alone.

Throughout this brief article I have stressed the spirit which will prevail during the Roosevelt administration rather than make an attempt to forecast the details of Mr. Roosevelt's probable policies. That is because a "new deal" in the spirit of our foreign policy is all-important. Abroad as well as at home there is gratification over the prospect. The belief that under Mr. Roosevelt our foreign policy will be generous and humane is well founded. We shall not shirk our responsibilities. Coercion, material or moral, will not be used to enforce our will in settling any straightforward and honest difference of opinion. But while we shall extend justice we shall also demand it. We shall try to make what is right, what is fair, the standard of our conduct; and we shall insist that others hold to the same standard in all their dealings touching the safety and well-being of the American people.

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THE PERMANENT BASES OF JAPANESE FOREIGN POLICY

By Viscount Kikujiro Ishii

EVER since Japan's entrance into the family of modern nations in the middle of the nineteenth century her diplomacy has striven, and still strives, to attain two objectives — equality and security. The first has been almost, but not entirely, attained; the second has for seven decades been the absorbing problem of the nation and will evidently remain such for long years to come.

I

First let us consider the problem of equality. By "equality" I do not mean that Japan should fall behind no Power on earth in point of wealth, natural resources and military strength — in short, in every respect. Obviously, equality in this sense is as impossible among nations as among individuals. What Japan has insisted upon, what she still insists upon, is that she shall not be made the object of discrimination and derogatory treatment by any of the nations with whom she has relations. The full significance of this phase of our policy cannot be appreciated unless we first understand the circumstances in which we entered into intercourse with foreign nations.

When Japan opened her doors to the West seventy years ago, she (like the rest of Asia) had to acquiesce in there being put upon her a stigma of inferiority in the shape of unequal treaties which deprived her of judicial and tariff autonomy. To read into those treaties any sinister designs on the part of foreign Powers, as some ultra-nationalists are inclined to do, is not fair. The Powers, cognizant of the state of our internal administration at the time, and knowing how different it was from their own, did not think it wise or practicable to place their respective nationals under our jurisdiction, though they might, I believe, have been a little more generous in the matter of tariffs. We, on our part, bowed to the inevitable, trusting that the Powers, as soon as we had put our house in order, would remove the extraterritoriality and the one-sided tariff which they had foisted upon us. And, indeed, the "unequal" treaties of 1858 contained a provision for revision by mutual agreement in 1872. When the time came, Japan naturally

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endeavored to avail herself of this provision. The famous Iwakura mission, which made a tour of Europe and America between 1871 and 1873, had as one of its objects the revision of the treaties. The letter of credence which it carried spoke of an "intention to reform and improve the treaties, so that Japan might stand on an equality with the most enlightened nations." The mission, so far as this object was concerned, was a total failure. None of the Powers approached made an encouraging response.

This initial failure proved a blessing in disguise, for it served to spur the Japanese to greater efforts toward internal rehabilitation. From that time on Japan bent all her energies to the modernization of her laws, her courts, her administrative system, her schools, and even her social conditions, to the end that the Powers, recognizing the progress thus achieved, might see their way clear to relinquish the prerogatives they had long enjoyed at the expense of Japanese sovereignty. In 1882, relying upon the reforms which she had introduced, Japan began to negotiate in earnest for treaty revision. And at last, after eleven years of pourparlers with the Powers, she succeeded in obtaining from Great Britain the treaty of 1894 which abolished extraterritoriality.[1] Soon other European Governments followed suit, and by 1900 Japan had practically regained territorial jurisdiction and judicial autonomy.

And yet she was far from having attained equality with the Powers, for she was still bound by a unilateral tariff. Not until the expiration of another period of twelve years was she to recover tariff autonomy and find herself in a position to negotiate reciprocal treaties with other states on a plane of entire equality. It was in 1911 that new treaties were concluded with the United States and Great Britain, conceding to Japan both judicial and tariff autonomy.

It had taken Japan forty arduous years of self-examination and self-improvement to attain the goal.

But our endeavors for equality were not to end with the conclusion of the treaties of 1911. Prior to that a new situation had arisen seriously affecting Japan's position of equality *vis-à-vis* the Western World, in particular the United States and the British overseas dominions. This situation was a result of Japanese emi-

[1] The United States had concluded a similar treaty in 1874. But it had remained a dead letter because it contained a proviso that it should not come into effect until other Powers agreed to the termination of extraterritoriality.

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gration to those countries. The American Government, consequent upon the San Francisco "school incident" of 1906, was desirous of excluding Japanese immigrants of the laboring class. Japan, adhering to the policy of equality, objected to such exclusion by an American statute, but was ready to acquiesce in a plan whereby she would of her own accord forbid the emigration of laborers to the United States. The result was the so-called "Gentlemen's Agreement" entered into by an exchange of confidential notes between Tokyo and Washington in 1908. A similar agreement was also entered into with Canada. The basic principle of these agreements was that Japanese immigration should not be openly excluded by a discriminatory law passed by a foreign country, but that Japan would voluntarily check the exodus of her subjects belonging to the working class. As far as the world in general was concerned, the exclusion of Japanese did not exist, and Japan was still permitted to maintain a position of equality in the matter of emigration. Of course, such an equality was hardly more than a fiction; but Japan preferred it to an open discrimination which would run directly counter to the policy which she had pursued for half a century.

The conclusion of the Gentlemen's Agreement did not end the difficulty with America. In 1913 the State of California, in spite of a signal decline of Japanese immigration under the agreement, and in the face of the strenuous objections of the government at Washington, enacted a law denying "aliens ineligible to citizenship" the right to own land. In 1917 it was reënforced by another law which forbade such aliens from leasing agricultural land. Both laws were plainly discriminatory against the Japanese.

At the Versailles Peace Conference the Japanese delegation endeavored to obtain recognition from the Powers of the principle of "racial equality." Baron Makino, acting on behalf of that delegation, proposed the insertion of the following article in the Covenant of the League of Nations: "The equality of nations being a basic principle of the League of Nations, the High Contracting Parties agree to accord, as soon as possible, to all alien nationals of States members of the League, equal and just treatment in every respect, making no distinction either in law or fact on account of their race or nationality."

When it became apparent that such a clear-cut pronouncement could not be adopted, Baron Makino sought to include in the preamble to the Covenant these simple words, "by the endorse-

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ment of the principle of equality of nations and just treatment of their nationals." In presenting the above amendment the Japanese delegate laid stress upon the idea that it was not his country's intention to encroach upon the domestic matters of any nation, but that he wished the proposal to be incorporated as a matter of principle. As had been expected, the United States and Great Britain objected to this proposal. On the other hand, France, Italy, Greece, Czechoslovakia and China supported it. Out of the seventeen delegates present, eleven voted with Japan. But when the Japanese amendment was reported to the Commission entrusted with the task of drafting the Covenant, President Wilson, as chairman of that body, rejected it on the ground that it did not meet the requirements of the rule of unanimity, as Great Britain, one of the governments represented in the Commission, had opposed the proposal. This argument was somewhat sophistical, for the rule of unanimity was not then a *chose jugée*, and was to be discussed in the Commission together with the Japanese proposition. Japan's defeat in the fight for equality at Versailles was another set-back to the policy for which she had so long struggled.

But the severest cut of all was the American Immigration Act of 1924, which contained a provision excluding all Oriental immigration upon racial grounds, for the reason that Orientals were not eligible to American citizenship. Ostensibly aimed at all Asiatics, this provision was, in effect, if not intentionally, directed against a single nation — Japan — for the reason that Chinese immigration had long been checked under the Chinese Exclusion Laws, while the Hindus and other peoples of the South of the Asian continent were excluded by another law. Thus in the Immigration Act of 1924 the United States, by a one-sided act, abrogated the time-honored "Gentlemen's Agreement," whose object was to forestall just this kind of statutory discrimination.

It should be clearly understood that our primary concern in this respect is not whether or not a few thousand or a few hundred Japanese immigrants shall be admitted to America, but whether Japan shall be accorded the courteous treatment which is due to her as one of the civilized Powers of the world. To us it is a matter of ideals rather than a question of material interest. Ever since we entered into the family of nations at the instance of Commodore Perry, we have spared no efforts toward internal readjustment and reform, so that the civilized Powers may admit us into their circle upon an equal footing. By 1900 they had signified their

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appreciation of our achievement by restoring judicial autonomy to us; and in 1911 they restored to us tariff autonomy. Only the statutory exclusion of our emigrants by the American Congress stands in the way of our coveted goal of equality. With the American policy of restricting or excluding immigration we have no quarrel so long as that policy applies to all countries without legal discrimination. In Japan's opinion the common dictates of international justice, international courtesy, and international good will require that no nation shall single out for discrimination any other nation which has by common consent been recognized as one of the civilized Powers of the world. Full appreciation of our disappointment at the exclusion clause of the American Immigration Act is possible only when it is projected against the background of our unremitting toil of seventy years for the realization of our aspiration for equality.

II

So much for equality. The next question to be considered — that of security — is closely bound up with our history, our geographical position, and our population problem in its relation to our land area, our food supply, and our supply of the essential materials of industry.

For well-nigh three centuries before the advent of Commodore Perry, Japan had isolated herself from the rest of the world by a most rigid policy, forbidding her nationals from going abroad and keeping foreigners from entering her domain. In that long period of seclusion Japan had fallen far behind the nations of the Occident in the arts of war as well as in those of peace. When we were rudely awakened by the impact of foreign guns we found ourselves utterly helpless to defend our country in the face of the formidable men-of-war which seemed to press forward against us from all directions. Thus at the very beginning of foreign intercourse apprehensions of the superior military force of the West struck deep into our hearts. Our first step towards security, then, was to equip ourselves with the weapons of the West. The necessity and wisdom of this course, in view of what subsequently transpired, especially in our relations with Russia, is clear.

Japan is an island nation. But her distance from the continent of Asia is so small that she cannot be indifferent to what happens in Korea, Manchuria, China and Siberia, any more than England can keep aloof from developments in the Low Countries across

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the Channel and along the North Sea. Particularly in Korea and Manchuria, we have consistently followed a policy dictated by the sole motive of establishing our own security. We have looked upon their frontiers as our own frontiers, even as England looks upon the frontiers of the Low Countries as her own. And as England's policy has been to uphold the independence of the Low Countries so that they may serve as a buffer, so Japan attempted to maintain an independent Korea free from the aggressions of Tsarist Russia. But Korea was neither Belgium nor the Netherlands; she was effete, impotent, and supine. She had none of the moral stamina essential to an independent nation. These are harsh words, but I give expression only to the common verdict of critical observers, both Oriental and Occidental. Into the long and complicated history of our endeavors to preserve the independence of Korea I cannot enter here; suffice it to say that when we found those endeavors unappreciated, futile, and fruitless, we were forced to the only remaining alternative of establishing a protectorate over Korea. This, to us, was the only practicable means of attaining our own security.

In Manchuria, too, we have been actuated by the same motive — security. When that region was in imminent danger of being annexed by Russia in spite of our repeated protests, we were forced to take up arms in defense of China's open door and territorial integrity, a cause championed also by Mr. John Hay, American Secretary of State. We espoused the American doctrine and fought Russia in defense of it, not only because we believed in it but because we thought that it was in consonance with our own policy of security. We saw all too plainly that Russia considered Manchuria a stepping stone to Korea. It was quite possible that in the eyes of Russia even the Peace Treaty of Portsmouth was in the nature of a truce. To Japan, then, the concessions she obtained from Russia by that treaty constituted a bulwark against any possible recurrence of the Russian advance southward, although they had also an important economic aspect, as we shall presently see. These concessions would have come to a premature termination had Japan not concluded the treaty of 1915 with China, as a result of the so-called "twenty-one demands." The significance of that treaty cannot be understood without a clear knowledge of Japan's precarious position in Manchuria *vis-à-vis* Russia, then still the military Colossus of the north.

From the standpoint of our security, the Russian revolution has

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not materially changed the situation. We still must look to the north with apprehension and a certain sense of danger. M. Jules Cambon, in his article in FOREIGN AFFAIRS entitled "The Permanent Bases of French Foreign Policy,"[2] said: "The policy of the Soviet Government in the Far East may differ in method from that which the Tsarist Government followed; but it does not differ from it in spirit or in objective." Sir Austen Chamberlain and Dr. Richard von Kühlmann, both writing also in this review,[3] have expressed much the same feeling in different language. I am not prepared to say whether these expressions are entirely correct, but I only state what is common knowledge when I say that the vast region known as Outer Mongolia has under Soviet tutelage and protection been closed to all but Russians; that even China is not permitted to preserve contact with that region, over which her suzerainty has been formally recognized by the Soviet Government itself; that hundreds of Chinese students, trained in communist schools in the Soviet Union, are yearly sent back to China to promote the communist movement there; and that increasingly large regions in China have become the prey of communist risings.

With the internal political system of the Soviet Union we are not seriously concerned. We are on friendly terms with the Union, and are prepared to deal with it in a conciliatory spirit on all problems affecting our mutual relations. But I should be guilty of insincerity if I were not to confess our misgivings as to the activities of the Third International. Its deliberations and plans are most jealously guarded. No one is permitted to get an inkling of them. But one may say without fear of contradiction that most, perhaps all, of the civilized nations outside Russia look upon the deliberations of the Third International, and the activities apparently emanating from it, as disturbing to the general peace and welfare of the world. There is no means of ascertaining the exact nature of the relations existing between the Soviet Government and the Third International, but it is strange, to say the least, that the former, whose avowed foreign policy is peace and friendship, does not seem to exercise any restraining influence upon the latter, whose headquarters are located in the very shadow of the Kremlin.

Nor can the military aspect of the Soviet situation be ignored.

[2] Vol. 8, No. 2.
[3] Vol. 9, No. 4, and Vol. 9, No. 2.

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Its importance becomes greater in the light of the Soviet Government's attitude towards the Third International. I am fully aware that the military strength of any country is not aimed against any particular foreign nation. Nor do we lose sight of the fact that the Soviet Union, still passing through the critical stage of a political readjustment of an unprecedented nature, needs a large military force for domestic purposes. But our bitter experiences with Russia in the past have caused us to view with apprehension any powerful army imbued with revolutionary ideas looming large on the other side of the Manchurian border.

Generally speaking, our policy in China has been based upon the belief that the establishment of an *imperium in imperio* upon her soil by any powerful third nation or group of nations is not only derogatory to her integrity but is also incompatible with our own security. In this we have been actuated by the same principle incorporated in the Monroe Doctrine. The wisdom of this policy, especially at a time when China seemed to be harassed by endless internal disorders and constant international difficulties, cannot be questioned. We believed that the break-up of China would bring the formidable Powers of the West to our very portals. We thought that, for this reason if for no other, the preservation of China's integrity was essential to our own safety. It was for this reason that we induced China to agree not to cede any part of the province of Fukien to any foreign Power, that we fought Russia in Manchuria, and that we obliged Germany to withdraw from Shantung. For much the same reason we objected to the construction of foreign-controlled railways in Manchuria, though the objection was also based upon the agreement by which China obligated herself not to construct competitive and parallel lines to the South Manchuria Railway.

The most notable example, perhaps, is our opposition to the American project of a Chinchow-Aigun railway of some 700 miles in length. To attribute this opposition to any anti-American feeling on our part is a gross injustice. We protested against it because foreign railway enterprises in China could not be dissociated from international politics. Certainly they were not purely economic in nature. Every student of railway politics in China knows this. I believe in the innocence and good faith of the American promoters concerned, but I am equally convinced that the Chinese Government which invited them to Manchuria had it in mind to undermine the position which we had secured as a result of the harrowing

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war with Russia, or to embroil us with the American Government. Suppose that the project had been carried out, suppose that China had disregarded her obligations in connection with it and that the railway itself had, as was more than probable, been seized by war-lords. What would America have done then? I am most reluctant to presume that the American entrepreneurs would have succeeded in persuading their government to send troops to Manchuria to protect their interests, but in the protracted chaos in China who shall say that such an eventuality could never have happened? Diplomacy must adopt a long view and take into consideration all possible contingencies.

In detail and in actual application the Japanese policy opposed to the establishment of foreign *imperia in imperio* in China may have been somewhat different from the operation of the Monroe Doctrine in the western hemisphere, but the basic motives have been the same. The difference in application has arisen largely from the fact that by the time Japan felt herself influential enough to champion the territorial integrity of China, that country had already become so helpless in the face of foreign aggression that Japan, from sheer motives of self-preservation, was constrained to entrench herself in some of the regions from which she had ejected the aggressor. This was notably the case in Manchuria. No one believed that China could defend herself against the all but certain recrudescence of Russian aggression after the Manchurian war of 1904–5.

So far I have approached the question of our security from the strategic standpoint. No less important is the economic view. I shall not invoke statistics and marshal figures to prove how vital Manchuria is to us economically. Much has already been written on that subject. It is enough to say that the increase of our population, the congestion of our country, and our lack of raw materials, are such that Manchuria, with its virgin soil and its immense natural resources, has come to be looked upon as our vital protection. Given unobstructed access to those resources, we may still hope to solve our embarrassing population problem. We do not necessarily mean to promote mass emigration to Manchuria; rather, we shall foster our industries by utilizing the raw materials which we can obtain there. Just as England solved her population problem by industrializing herself, so does Japan hope to solve her similar problem. Such was the object of the Sino-Japanese treaty of 1915, though it had strategic significance also.

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The attainment of this objective, however, presupposes the willingness of whatever government rules Manchuria to respect our treaty rights and our position in the region and to take into consideration our interest in the task of economic development envisaged by the 1915 treaty. All that we desire is that it shall observe treaty obligations and shall coöperate with us for our mutual benefit. I am more than convinced that had China taken this attitude of "live and let live" before it was too late, the deplorable incident of September 1931, with all its consequences, would never have happened. All that we had asked of China was the simple observance of the treaties she had duly made — treaties which were and are essential to our security, both strategic and economic. More we did not ask; less we could not take.

The vital importance of Manchuria being generally appreciated by the people, it is all the more difficult for us to recede from the position we have attained there. In a constitutional country, with parliament and the press representing or responding to the popular will, the government is not in a position of itself to determine a course of action when that course involves the national security; it must consider public opinion. I agree with Dr. von Kühlmann when he questions the soundness of the view that "a democracy or a democratic régime offers a better guarantee for the maintenance of peace." As this German statesman puts it, "any sound and healthy democracy is bound to be nationalistic to a certain degree, and perhaps more sensitive and irascible where questions of honor are concerned than an individual. One can imagine a very great monarch having the courage to yield where aggression is not counseled by vital and material interests but only by considerations of prestige. A public opinion originating in the masses is hardly likely to have the same courage." In Manchuria our question is not merely one of prestige, it is one of life or death. This is the general conviction of the people.

The appearance of Manchukuo as an independent state has not materially altered our policy, except for such temporary measures as have been taken to meet the readjustments consequent upon the change of government. Pursuing our traditional policy of security, we shall coöperate with any government in Manchuria which, in our judgment, best appreciates that policy and will best coöperate with us. This, and only this, is the guiding principle of our conduct in Manchuria. Today, as thirty years ago, Manchuria is the key to our security.

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THE ARMAMENTS AND MILITARY POWER OF GERMANY

By General E. Réquin

TO EVALUATE the military strength of a country one examines its military system in time of peace and takes account of the potential power which it can command in time of war. In looking at Germany today, however, I shall confine myself to the purely military factors, while admitting the importance of two elements which really cannot be overlooked — the demographic factor and industrial power.

It is not my intention to reopen the charge that Germany has not executed the Versailles Treaty. But in order to make the subject clear I shall have to point out: first, the legal situation created by the Treaty, and the modifications adopted by the Allies; and, second, the actual situation in Germany, which is very different today from that legally prescribed, even in its emended form. The difference between the *de jure* and the *de facto* positions will show how remarkably the offensive power of Germany has increased, and that consequently any argument founded simply on the Versailles statute is sapped at its base. Finally, by comparing the German claims with the ideas of General von Seeckt, the spiritual chief of the German Army, I shall try to draw objective conclusions and offer a reasoned judgment upon the present military power of Germany and its orientation.

I. MILITARY PROVISIONS OF THE VERSAILLES TREATY

The military statute of the Versailles Treaty (which contained no time limit) was intended to reduce the possibility of German aggression, to facilitate the eventual application of the sanctions which were provided for in order to compel Germany to observe the Treaty, and to render possible the preparation of a general limitation of armaments by all nations. Its aims were not punitive, but merely to stabilize Europe as it was in 1919. And it marked the first step of a desired evolution in the direction of disarmament.

Let us in the first place see what the Treaty of Versailles prescribes. It gives Germany a professional army and limits its effectives and matériel both in number and by categories. It

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forbids her to make ready for mobilization and establishes a demilitarized zone in the Rhineland. The German Army, which is reduced to 100,000 men (officers included), must be "exclusively reserved for the maintenance of order in the country and the policing of its frontiers." Compulsory military service is suppressed. The army is to be composed of twelve-year volunteers; the term of service for the officers is twenty-five consecutive years.

The composition and armament of the seven divisions of infantry and three divisions of cavalry which are authorized are settled in detail. None of the organs charged with planning and preparing for war are to be allowed. The former General Staff and the war academies are suppressed and cannot be revived "in any form whatsoever." The army shall have no aviation, no tanks, no heavy artillery. All mobilization measures are prohibited. Materials of war exceeding the statutory amounts shall be surrendered to the Allies to be destroyed. The manufacture, import or export of war materials is forbidden. Matériel authorized for the army and navy shall be supplied by factories designated by name. The manufacture of gas for war purposes, and the use of it, are prohibited. Organizations and educational establishments are forbidden to concern themselves with military questions. Further, in order to obviate future aggression, a zone of German territory between the western frontier of Germany and a line drawn fifty kilometers to the east of the Rhine is "demilitarized."

Lastly, independently of the control exercised in Germany by the Inter-Allied Commission, the Allied and Associated Powers decided to occupy the left bank of the Rhine and to evacuate it by degrees, the last zone to be freed in 1935, or later if necessary. It will be recalled that France accepted this progressive evacuation in exchange for a pledge that England and the United States would come to her side in the event of further aggression by Germany.

Thus the Allied and Associated Governments were unanimous in recognizing that, in the face of Germany's demographic and industrial superiority, the security of France demanded (once the left bank of the Rhine had been evacuated) that she should have an army superior in effectives to the German Army in order to be in a position to await the promised intervention of England and the United States. As we know, the guarantee was not signed;

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the United States did not ratify the Peace Treaty. Yet one fact remains, and that is that in 1919 the maintenance of peace in Europe was founded by the Allies, not on "parity" of armaments but on the contrary on the *inequality* of the military forces of France and Germany, in favor of the former.

II. THE MODIFICATIONS AGREED TO BY THE ALLIES

Far from taking a narrow legal point of view, the Allied Governments, represented by the Conference of Ambassadors, interpreted the clauses of the Treaty of Versailles in a liberal and conciliatory fashion, in an effort to show Germany that they had confidence in her. A few specific illustrations will suffice to indicate this:

At Spa, for example, the Allies agreed that doctors and veterinary surgeons should be counted separately, which resulted in an increase of 500 officers, and that civilians employed in the army might be increased from 901 to 1,936, more than twice as many. The Inter-Allied Commission of Control observed that the distribution of commissioned officers violated the statute; the Allies, in a spirit of conciliation, allowed the effectives to be reckoned as a total. Again, despite the prohibition against the reconstitution of the Berlin and Munich military academies in any form, the Ambassadors' Conference admitted special arrangements for the training of General Staff officers, and this now proceeds according to pre-war principles.

In the category of armaments, also, there were important concessions, permitting among other things an increase in the number of machine guns; a reserve of 50,000 rifles and 20 million cartridges more than the number provided; the possession of 52,000 revolvers, 166,000 bayonets, 18,000 lances, 30,000 sabres; a supplementary supply of infantry and artillery munitions equal to the requirements of an army; permission to study protective devices against "forbidden" weapons (with the proviso that models cannot be transformed into real weapons). In practice, Germany is learning the use of forbidden weapons. Certain cannon, for example, have real carriages and sights; the tube is of wood, but it can easily be replaced by a real one.

One of the most important concessions was permission to transform the state police into an armed force, with military training and equipment. In 1913 Germany had 80,000 police (30,000 state police and 50,000 local), charged with maintaining

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order as a separate service. This force did not differ from the police of other countries. Now the Allied Governments have allowed the German police force to be raised to 140,000 men, of whom 105,000 are state police and 35,000 local. The former are a military organization. Like the Reichswehr, they are recruited by voluntary enlistment for twelve years. Members are cadets for two years (a total of 5,000 men), and afterwards are attached to active units which correspond to infantry companies, cavalry squadrons or technical units. The radio system of the state police is the most important in Germany, and their automobile equipment is far superior to that of the army and can transport more than 20,000 men. Their arms are no longer restricted, as in 1913, to a revolver and a sword, but consist of rifles or carbines. They have 150 armored motor cars, each fitted with 2 machine guns, sub-machine guns and hand grenades. The railway police have been given authorization to be armed (8,000 rifles and pistols), and have armored trains at their disposal. It will be seen how greatly the state police have changed in character. Living in barracks, organized in units, armed and equipped like a military force, they are an important addition to the Reichswehr.

Further concessions were made with regard to war factories. All factories which had manufactured or studied how to manufacture war material, other than those authorized by the Treaty, were required to disappear. But the Conference of Ambassadors decided to suppress only those factories which were built *exclusively* for the manufacture of war material. With regard to war material in excess of the amount authorized, the Ambassadors' Conference allowed material to be preserved which was not for "combat purposes." The Conference also limited the prohibition on the manufacture, importation and exportation of war material solely to material obviously destined for "war purposes" — a very difficult thing to define. Again, the Conference allowed surplus barracks to stand, provided they were rendered unfit for military purposes.

The Conference permitted improvements to be made in the fortifications on the eastern, southern and northern frontiers, though they were contrary to the Treaty, as well as certain constructions at Könisberg, Cüstrin and Glogau. The armaments of coast towns were increased, *e.g.* the Conference granted 119 supplementary cannon and agreed that the 22 cannon at Könisberg,

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which were to have fixed carriages, could be placed on movable carriages, on condition that they were not to be removed from that place — a condition which has not been respected.

In the field of aëronautics there were a number of concessions. The Paris agreements of May 1926 restored to Germany the right to build machines of all types, provided they are not armored, nor armed, nor capable of being turned into military machines — a restriction which it is impossible to enforce. In addition, 36 members of the Reichswehr and the state police were separately authorized to become pilots. A Bureau of Aviation was allowed to the Ministry of the Reichswehr "for the study of foreign military aëronautics and the aërial defense of the Reich."

Germany was authorized to send military bands into the demilitarized zone, as well as 9,000 state police. Military railways in those areas were to have been suppressed; an agreement on August 4, 1929, considerably modified the 1922 program. Similarly, Germany was authorized to install underground telephonic cables in the demilitarized zone, to maintain 4 airports, 16 landing fields and artillery establishments (subject to certain observations). She even obtained permission not to destroy completely certain fortifications.

The facts which I have enumerated are sufficient to destroy the legend about the harshness with which the Allies are supposed to have insisted upon the execution of the military clauses of the Versailles Treaty. They did not merely make concessions of detail; they granted Germany the right to revamp her entire military system. As a result, the present legal situation is far different from that stipulated at Versailles.

Now what is the actual situation, in contrast to the hypothetical legal situation which I have outlined?

III. EVOLUTION OF THE MILITARY SYSTEM SINCE 1920

Since 1920 Germany has aimed at the execution of a definite program: to create and preserve the essential foundations of a powerful military machine modelled after that of pre-war days. The elements include: (a) A Supreme Command, a General Staff and commissioned officers. (b) Military instruction with a view to offensive warfare. (c) The organization of units which increase the mobility and offensive strength of the army. (d) Matériel. (e) Trained effectives. An examination of the results obtained in 1932 in these categories reveals the military power of Germany.

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(a) *Commanders and Commissioned Officers.* At the head of the army is a single commander, known as the "Chief of the Army Command," who combines all the prerogatives formerly exercised by the Emperor, the General Staff, the Ministry of War and the army inspectors. About him are grouped the 250 officers and numerous officials, most of them retired officers, who constitute the Army Command. It is as powerful an organism as all the pre-war central organizations together used to be. Amongst the four major services of the Army Command, the *Truppenamt* (Troups Bureau) constitutes the present General Staff, properly speaking, and is at all points analogous to the old General Staff. The recruitment of General Staff officers is provided for as formerly. Only the titles have changed.

The lower ranks are also very numerous — one non-commissioned officer to four men — and their training is advanced to a point at which they are capable of fulfilling functions far superior to their assigned rank.

It is on this solid structure, out of all proportion to the number of effectives actually authorized, that the present German Army rests.

(b) *Training.* So far from accepting the position defined for the German Army by the Treaty, its organizer, General von Seeckt, has sought to make it the framework of a nation in arms. As early as September 1921, in his preface to the new Army Regulations, General von Seeckt took as his basis "the men, armament and equipment of the army of a great, modern, military Power, and not merely the German Army of 100,000 men created in accordance with the terms of the Peace Treaty." And, speaking of the modern weapons of combat which are forbidden in Germany — aviation, tanks, heavy artillery — the General suggested that "their absence must not make us afraid to attack."

The Reichswehr, an army of the first quality, of exalted patriotism, and convinced that it will one day be the nucleus of a nation in arms, preserves "the old military ideals of the former army" and the "warlike spirit" which its successive chiefs have always flattered themselves that they have maintained and nourished. It is being trained and organized for offensive warfare.

(c) *Increase in the offensive power of the army.* Germany has not merely maintained the framework of its former military establishment, it has modified the army's internal organization so as to increase its mobility and power on the offensive. Taken singly,

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these changes are sometimes of only relative importance. But taken together they are seen to be part of a general plan methodically executed.

In the Infantry, the mobility and marksmanship of the units are being constantly improved. The number of machine guns, both light and heavy, is greater; a new type of machine gun has been adopted; the mine thrower has been improved; *canons d'accompagnement* and anti-tank guns are being studied and tried out.

In the Cavalry, each division now has a communications squadron (instead of a squadron of recruits), caterpillar squadrons, and armored cars.

All the cavalry squadrons are furnished with six light machine guns (whereas they legally should have none), and the high command is now arranging to have the number raised to nine. The number of machine guns in excess of what is allowed may be estimated at about two thousand. The machine gun armament of both infantry and cavalry is twice the amount provided in the Treaty.

In the Artillery, a supply squadron has been created for each division, and observation units have been formed, as defined by modern army regulations. In 1931 further artillery material was put into service. Motorized batteries appeared in the 1932 manœuvres.

In the Engineers, the battalions are increasing the number of their units and becoming partly motorized. The supply units are being grouped, and equipped with motors and modern material of every kind.

The high command has also arranged to use arms forbidden by the Treaty. With regard to heavy artillery, it has adapted coast defense matériel to mechanical transportation and is now training crews at Könisberg. As for tanks, it has created companies of "imitation" tanks, which are used at manœuvres. In the field of chemical warfare, it has created "fog sections," in part motorized, and capable of using poison gas machinery. The use of gas bombs is taken for granted in all training classes and at the General Staff.

In the field of aviation, machines for reconnaissance, observation, fighting and bombing have been constructed by various firms, officers go through training as pilots and observers, both in Germany and abroad, and in the course of manœuvres contact

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exercises between the land and air forces take place. The recent condemnation of a German publicist who had alluded in the *Weltbuhne* to collusion between the Reichswehr Ministry and the Lufthansa Gesellschaft is confirmation of this fact.

(d) *Matériel.* In addition to authorized matériel, Germany possesses stocks of arms which were concealed from the Control Commission, and these, in the words of the Commission, constitute a "not negligible" supply. The police are constantly discovering rifle and machine gun dépôts. At Leipsig in February 1930 the Communists found more than 200 machine guns in military buildings. This fact was confirmed in the Reichstag by Deputy Kippenberger, who added that he had proof that in one garrison in the eastern part of the country more than 2,000 machine guns were stocked in seven different dépôts.

Further, the manufacture of arms has been resumed in many factories, both authorized and otherwise. The trade in arms is proof of it. In 1928 Germany exported arms to the value of 150 million pounds sterling, and in 1930, according to the "League of Nations Annual," she exported arms to the value of 1,765,000 pounds sterling. The Düsseldorf firm of "Rheinmetall," which is authorized only to make cannon, also makes light and heavy machine guns, anti-tank guns, sub-machine guns, and anti-aircraft guns. The firm of Mauser, which is prohibited from manufacturing arms, is making rifles and automatic rifles of a new model. Similar activity is observable in making other sorts of war material. The firm of Zeiss is exporting field-glasses. The firm of Siemens is selling wireless equipment and instruments for finding bearings by sound. Since the beginning of 1932 there has been a great increase in the number of other factories which manufacture war materials of divers kinds. Export requirements (export of these materials is in itself prohibited) are not sufficient to justify this increased activity, so that one is left wondering whether part of the manufactures in question are not at the disposal of the Reichswehr.

The German chemical industry is interested in chemical warfare and is preparing for it. The German Army regulations anticipate it. Certain firms, such as Stolzenberg and Minimax, manufacture and openly sell flame-throwers and machines for releasing gas. The firm of Stolzenberg manufactures and exports poisonous gases. It offers them in its catalogs and sells sample boxes.

German aviation firms, despite the prohibition on building,

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possessing or importing airships fitted up for military purposes, make in Germany the prototypes of reconnoitering and pursuit machines. "H. D. 38," "H. D. 47" and "H. D. 43," built by the firm of Hinkel, are classified in a British handbook on aërial fleets as pursuit machines. Moreover, the foreign branches of the firms of Junkers and Dornier build military aëroplanes which are simply adapted from certain types of civilian planes built and used in Germany.[1] The giant Junkers "G. 38" is a magnificent bombing-plane, according to the announcement made by Junkers after her trip to Madrid. Certain foreign affiliates of the German aëronautical industry, like the "Flyindustrie" of Malmo, sell military machines which are merely converted commercial planes.

All this activity is directed and coördinated by the bureau of the Army Command which is charged with looking after armament and matériel — the *Waffenamt*. All the large firms are unofficially represented in the bureau, which in its turn has delegates on all the chief economic committees in Germany. A census is regularly taken of factories which would be concerned in industrial mobilization. By the accumulation of stocks of material, by making ready for a mobilization of industries, by the construction of model machines, Germany is assured of supplies of war material far in excess of those provided for in the Treaty or in subsequent agreements.

Since the Treaty did not limit military credits, the Reich has been able to increase its expenditures for these purposes at will. In 1913, for an army of 800,000 men, with 4,000 machine guns and 8,000 modern cannon, the army estimates amounted to 67 million marks, of which 3.1 millions were for the upkeep of arms in use. In 1930, for an army of 100,000 men, with theoretically only 2,336 machine guns and 316 cannon, the same estimates amount to 78.9 million marks, of which 21.3 millions are for the upkeep of arms in use. That is seven times as much money for the upkeep of one-eighth the number of men and about one-half the number of machine guns and one-twenty-fourth the number of cannon.[2]

[1] The following are examples: the Dornier Wal and the Dornier Superwal, hydroplane for sea use; the "R. 35," a scouting two-seater, modelled on the civilian machine; the "R. 47," a pursuit two-seater, modelled on the Junkers "J. 48;" the "K. 37," a fighting three-seater, modelled on the civilian Junkers "S. 35."

[2] The increase applies to the total army estimates. These grew continuously from 1924–25 to 1929, but were slightly reduced in 1930–31 and 1931–32 because of the German financial crisis. The 1932–33 Reichswehr estimates total 674 million reichmarks, or a decrease of 15 millions compared with 1931–32. But the cost of living has fallen considerably since 1931, so that the estimates do not reflect Germany's financial difficulties.

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It should be mentioned at this point that certain expenditures of a military character (historical and topographical services, upkeep of the state police, etc.) figure in the budgets of other Ministries, as well as in state and municipal budgets, and even in the budget of the State Railways. Notorious trials, such as that of Captain Lohmann in 1928, the *Weltbuhne* case, and the condemnation at Leipsig of Kreiser and Ossietzky for revealing the air service estimates and the collusion between the civilian air service and the Reichswehr, have proved the existence of what amounts to a subsidiary budget for military purposes. Finally, the Reich allocates under heads other than the budget of the Reichswehr a long list of subventions to certain factories which are not authorized to produce war material. For example, we find in the secret accounts, referring to the estimates of 1925 to 1930 inclusive, the subventions as follows, all entered under the heading of the Ministry of Finance: Schichau Werke, 12,227,000 marks; Deutsche Werke, 28,753,000 marks; a total of 40,980,000 marks.

The German budget, then,— a vague document which gives no justification for the expenditures entered under general headings, quite apart from the non-budget resources used for military purposes — allows for the manufacture of new war materials, for preparations for mobilization, and, as we shall see later, for the allocation of large sums for the "athletic" training of youth.

(e) *Effectives*. Now let us see what are the resources in men, apart from the Reichswehr, which are at the disposal of Germany in time of peace.

In the first place, and thanks to the concessions of the Allies, the Reich has been able to build up an armed force in the state police. The decidedly military character of an important part of this force is evident from its manœuvres. Thus, the German press [3] published photographs of the manœuvres of the Mecklenburg state police, with the following caption: "In order to emphasize the character of the Schutzpolizei, whose duty it is to maintain public order, as an army trained for war, the National-Socialist Minister, von Granzow, has put the police through real manœuvres modelled after those of the Reichswehr."

At the present time the masculine population of Germany which could be mobilized amounts to about 11,000,000 men between 17 and 45 years of age. Of this total we may estimate

[3] See the *Hamburger Fremdenblatt*, September 29, 1932, and the *Ruhr Echo*, September 20, 1932.

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that 4½ millions have received complete military training, to wit: 1,000,000 trained men under 32; 1,700,000 trained men 33–38 years of age; 1,800,000 trained men 38–45 years of age.

The number of trained men under 32 has been decreasing, and the problem of how to maintain the supply of trained soldiers has arisen. Germany first attempted to solve it by trying the system of "time volunteers," based on that of 1806–1813; by making premature releases from the Reichswehr (the number of these authorized by the Treaty has frequently been exceeded); and by giving groups of young men, mostly students, periods of training with the Reichswehr lasting several weeks. But these remedies did not provide for the training of the great mass of the young men capable of bearing arms. The Reich authorities then decided to entrust private organizations with the duty of giving pre-military training and perfecting the technique of men already trained.

The *Stahlhelm*, the Hitler organizations, the *Kyfhaüserbund*, the rifle clubs, the riding clubs, and many others, give individual and collective military training. Their "youth sections" start off with the young men from 17 to 20 and give them route marching with packs, rifle practice, etc.; their "active sections" keep the trained men up to the mark.

In particular, the *Stahlhelm* and Hitler's army each has a territorial and military organization corresponding to that of the regular army. Impressive gatherings at Coblenz in 1930, in Silesia, in Breslau in 1931, in Berlin in 1932, show the power of these associations. On each occasion 100,000 men were assembled. These men were fully organized, had full military equipment, and were transported by rail and motor under conditions like those of a real military concentration. In other words, they are troops ready for war.

Amongst the other associations which give military instruction the *Kyfhaüserbund*, the *Wehrwolf*, the *Reichsbanner* and the *Reitervereine* are all of them important, besides the small-calibre rifle clubs and, to give certain sorts of specialized training, the *Technische Nothilfe*, which receives a governmental subvention. In all we may estimate at more than a million men — between seven and eight thousand of whom are young — the number of members of these associations which give more or less complete military training and are capable of reinforcing the Reichswehr.

The German youth also receive military training, both theoreti-

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cal and practical, in the universities in the winter, in the sports camps in the summer. The aim of the sports clubs is training in *Wehrsport*, that is, in sports of direct military use, the natural step towards what the Germans call *Wehrhaftigkeit*, that is "aptitude for war," according to the definition given by General Rheinhardt, Minister of War in 1919.

In 1930 a bill establishing compulsory labor was abandoned, it being thought preferable first to try a voluntary system. On July 19, 1931, therefore, by a decree of the Reichstag, the "voluntary work service" was created. Its military advantages are obvious. The army supplies material to the working units and personnel to supervise its use.

Further, carrying out the project laid before the Reichstag in April 1932 by General Groener, Reichswehr Minister, of grouping the entire youth of Germany in one athletic association, the German Government (decree of September 14, 1932) created an organization called the *Kuratorium*, a sort of central bureau whose task it is to unite members of associations, without distinction of party, "in a common and methodical task." The *Kuratorium*, which is attached to the Ministry of the Interior, is under the chairmanship of General von Stulpnagel, former Commander of the Fourth Division. It has considerable financial resources, and twenty camps, distributed over the entire country, will be placed at its disposal for the *Wehrsport* training of the German youth. On September 21 the German press announced the adhesion of the following associations: *Reichsbanner*, 220,000 men; *Stahlhelm*, 100,000; *Jungdeutscher Orden*, 100,000; *Wehrwolf*, 440,000. The National-Socialist shock-troops also joined the *Kuratorium* on October 1, 1932, bringing in an additional 200,000 to 400,000 young men. It is only necessary to refer to the statements of Deputy Kasper, on March 10, 1931, in the Prussian Landtag — statements not contradicted by any Minister — in order to understand that all this "sport" is simply intensive military preparation for war.

IV. THE GERMAN DEMANDS; THE SYSTEM RECOMMENDED BY GENERAL VON SEECKT

It is in this factual setting that the present German demands must be studied. They are the same as those put forward in 1930 in a book called "Modern Principles of National Defense," by General von Seeckt, organizer of the Reichswehr and the uncon-

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tested spiritual chief of the German army today. A striking similarity between the organization which he recommends and the present demands of the Government is revealed by setting the principal factors in the two systems beside each other.

General von Seeckt's System	German Program and Demands
(a). A professional army, recruited on the voluntary system for an average term of six years, recruiting to take place continuously. Equipment, armament and munitions in sufficient quantity for immediate use.	(a). Reduction of the length of service in the professional army to six years; graduation of the term of active service.
(b). The systematic location of training units, whose business will be to prepare for the general mobilization of the nation and train the levees.	(b). A slight increase in the man-power of the Reichswehr (3,000 officers and men).
(c). Preparation for general mobilization which will guarantee the defense of the national territory while the mobile army, that is the permanent army, seeks a rapid decision before the necessarily slow mobilization of foreign conscripted armies can take place. To this end, preparation of the mass of the people; moral and physical instruction in the schools; genuine military instruction for three months. Everyone to take part in military training in order to develop a national "will to resist" and establish national discipline.	(c). Training in associations and clubs; organization of voluntary work service; organization of the *Kuratorium* to train the youth. The right to train a compulsory militia of 40,000 men for terms of 3 months each, that is to say, to turn out 160,000 trained men per annum.
(d). In the army thus outlined, shock formations to be constituted in fortified regions; equipment, material and munitions for these to be stocked in advance.	(d). (The present existence of the *Grenzschutz* was confirmed by Deputy Kasper in the Prussian Landtag and by the statements made at Elbing, September 6, 1932, by General von Schleicher.)
(e). For the other units in the national army, the types of matériel to be decided upon in advance. The acquisition of stocks of raw materials and the preparation and transformation of factories to ensure necessary production.	(e). The furnishing to Germany of "samples" of all the matériel now prohibited and which will not be prohibited by the general agreement to be made. (This demand coincides with reports in German "Left" papers, beginning last March, of activity in the factories making war materials, particularly in the Ruhr Basin.)

The parallel is evident. But General von Seeckt does not confine himself to drawing up an organization. He also enunciates a doctrine of war, and this consists in the principle that at the first outbreak of hostilities there must be a sudden attack led by the 200,000 men (including Reichswehr reserves) who are at the disposal of the present commanders of the Germany Army.

It is superfluous for me to emphasize the menace which a scheme of war like this holds for an organization which is based on principles of defense and slow of motion, particularly if the sudden offensive is undertaken by an army which, if it assumed the form and extent desired by General von Seeckt, would be more efficient than the German Army of 1914.

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V. CONCLUSIONS

The account which I have given of the German military system as it exists at the end of 1932 proves that the present *de facto* situation has nothing in common with the *de jure* situation, even as largely ameliorated by concessions made subsequently to the signing of the Treaty of Peace. Germany has restored the essential foundations of her pre-war strength, and continues to increase that strength for aggressive warfare.

The Reichswehr has a more centralized command than had the Imperial Army. The General Staff, the organ of war preparation, has been restored. It is an army of chiefs of staff, officers and instructors, ready to serve as the framework about which will group "the nation in arms."

The theory of training, directed towards offensive operations, has no longer any connection with the "maintenance of order in the interior and the policing of frontiers."

The army's modernized armament and equipment are considerably in excess of the authorized amounts. Appropriations have made it possible to accumulate large stocks. Thus though the Reichswehr has been given new armament in recent years (e. g. the new rifle "*Einheitsgewehr*," a new light machine gun, a new mine thrower, new cannon, a new howitzer, etc.) the old equipment has not been destroyed. These yearly credits have also made it possible to give subventions to the war factories (authorized and otherwise) to perfect their machinery.

It is not reasonable to suppose, then, that the troops for reinforcing the Reichswehr would not now have the necessary arms. These troops are trained; the militarized police have been trained with the greatest care; the general reserves, independent of those released from the Reichswehr, have been trained by the various associations. The training will now be developed, in accordance with one inclusive program, in the camps of the *Kuratorium*.

The trained reserves at the present time total about 800,000 young men. With these must be counted one million trained ex-combatants, aged less than 32 years.

The number of existing barracks and other military buildings in excess of the requirements of the Reichswehr would easily house the same number of troops as were stationed in 1914 in the same territories.

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Under cover of commercial aviation, the nuclei of military and naval aviation have been established.

Forbidden arms are being studied, and sometimes are tried out or actually put into service. Motorization of all branches is increasing.

Military mobilization, in the full technical sense of the term, and industrial mobilization — both have been fully prepared.

How different is this situation from that generally depicted by Germany when she declares that she has only 100,000 men, and those poorly armed, compared with neighbors armed to the teeth! The real fact is that Germany at this moment could put in the field an army totally unlike that provided for in the Treaty, and with effectives comparable to those which she had on the French front in 1914. And I have moreover shown, I think, that the present demands of Germany seek sanction for organizations which hitherto have been unofficial, in order to mould the military system into one homogeneous whole on the pattern laid down by General von Seeckt.

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AN AMERICAN FARMER LOOKS ABROAD

By F. B. Nichols

ON SATURDAY afternoons, when the farmers of our community (West Buffalo, northwest of Buffalo, Kansas) park their cars around the courthouse square at the county seat, the usual questions about field work and seasonal observations on the weather may still be heard. But this traditional visiting is interspersed with comment on the yield of spring wheat in Canada and the previous week's movement of grain products to Europe and the Far East. The next group may be talking about the collapse in the foreign demand for pork. Inevitably there will be a terse exchange of ideas on the destruction of buying power in such food importing countries as Great Britain and Germany. In other words, our eyes are turning abroad in an effort to find some solution for the market typhoon into which we have been plunged. And that is representative, I think, of the changing thought among the rural people of the Middle West.

Their first thought is of markets. But with it goes at least a dim realization of the need for a better understanding among the peoples of the earth. This feeling naturally is accompanied by an impatience with the manner in which statesmen have handled international technicalities. Perhaps the neighborhood's viewpoint, which is rather indefinite and somewhat resentful, could be expressed in the words of Signor Grandi, formerly Foreign Minister of Italy, who recently asked, "Can we close our eyes to the fact that hundreds of millions of men throughout the whole world feel that their peace and their daily bread depend on the solution of a few fundamental factors?" Anyhow, the hard realities of the business depression have forced us to look farther along the route in the sale of our products than in the old and happy days before the wreck of the world's business knocked the props from under our market structure. The smash has carried the prices of most of our commodities to astonishingly low levels, in some cases to the point of establishing new all-time low records.

But before we go farther into the market situation, and the way in which it has promoted more effective thinking on international relationships, it is only fair to say that the luck of the

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people in this community is not all bad. There has been much loose talk from irresponsible politicians about the decline in Middle Western agriculture. The situation is not nearly so unfortunate from the broad social standpoint as some pessimists have pictured it, in our locality at least, when it is measured in terms of the commercial débâcle of the world. Indeed, I fancy that our condition would seem quite favorable to many of the people in the cities, even to some who three years ago occupied a reasonably high and apparently secure economic position. The men are still busy with the farm work and the women are doing their household tasks in much the same way as of old — and that in itself is a factor of splendid psychological value in carrying us through this period of trial. Plenty of food is available, most of it raised on the farms. The cellars contain huge amounts of canned products and vegetables that are more than ample to carry us through to spring. And work clothes are cheap. There is no want! As a result of these favorable factors, we are riding out this storm, as the people on the land always do in a time of commercial disaster, in a relatively satisfactory manner.

But the cash income is tiny, and not sufficient on some farms to meet the inescapable overhead costs. Corn is selling locally for 18 cents a bushel. Wheat brings 30 cents. Oats are down to 11 cents. Other agricultural products are quoted at similarly low levels. In any case, our buying power is less than half of the pre-war normal. And we have little hope of any substantial improvement during the next year. Perhaps the magnitude of the disaster may be grasped better if present market levels are compared with those of former years. Hogs are bringing $2.75 a hundredweight locally (they were down to $2.40 last spring) as compared with $7 to $10 paid commonly in many former seasons. In 1920 hogs sold in Kansas City for $23.40 a hundredweight. Wheat at 30 cents a bushel (much has been sold in the Middle West from the crop of 1932 for far less than this price) should be written on the graph of human destiny alongside of the "dollar wheat" of pre-war years. And frequently wheat sold then for $1.25 to $1.50. During the World War it was above $2. An ordinary price for corn in normal times in this area is from 50 to 75 cents a bushel — certainly a tremendous contrast to 18 cents! We sold corn from our farm during the World War for as much as $2.30 a bushel.

Because of these low prices many farmers are unable to keep a clear title to their land. In a few instances they have paid no taxes

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for two or three years, with the result that their homes may presently be sold by the county in which they live. The default on tax payments for 1932 will be far larger than in any previous season of the depression. A similar difficulty has been encountered in meeting the interest on farm mortgages. Both mortgagee and mortgagor are in a quandary; foreclosure proceedings have been started against only a tiny proportion of the farmers who have failed in meeting their payments, as the lenders usually are at a loss to know what they would do with the land after they had obtained a clear title to it. But there is a general belief in the Middle West that 1933 will be featured by a great increase in such actions. Meanwhile, most banks in rural regions are lending little or no money, and in some counties all financial institutions have closed. It should be remembered, however, that the seriousness of the problems produced by taxes and interest vary in different regions. In our community, for example, there has been little speculation in farm lands during this century, and only one farm has been foreclosed (in 1931). Most of the people here are meeting their taxes promptly. But in other areas — in parts of Iowa, for example — tax and interest payments are in default on a considerable part of the land. In other words, it is impossible to make general statements which will apply to all the agricultural regions. Observers might merely keep in mind that the estimates of the United States Department of Agriculture indicate an income for American farmers of 5,240 million dollars in 1932, as compared with 11,950 million dollars in 1929 and about 16,000 million dollars in 1920. That is proof enough of the change which has taken place.

The declines in the prices of farm products have been astonishing to us. And I have gathered, through a reading of market news, that they amaze some economists, despite the fact that their knowledge of previous secondary post-war depressions has given them a perspective which we do not possess. A few outstanding business men like Owen D. Young have alleged that the slump in the prices of rural commodities, which has resulted in the elimination of farmers as important buyers of non-agricultural products, was the principal factor in bringing about the business depression. Anyhow, and be all that as it may, the avalanche has touched the welfare of the farmers in the West Buffalo community so intimately that there is an unusual curiosity in learning the causes for the destruction of the values of our commodities. And a few

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fairly evident items emerge from the débris. Obviously we appreciate that the many millions of unemployed people in this country (not to mention the other millions on part time) are not eating as much food as usual. And of course there has been a marked downward tendency in the general commodity price level. Perhaps some effect also was produced by the larger use of improved machinery on farms in the last ten years, which increased the yields of food when measured in terms of individual workers.

But these are all factors which will tend to correct themselves as business conditions become more satisfactory. They are merely superficial items in the commercial tempest. The consumption of food in the United States should go back to normal when, and if, employment becomes more nearly normal. At least it may be said safely that the people in the cities always have purchased ample supplies of food when they had adequate funds. We are not concerned greatly with the location of the general commodity price level, only with the position of the farm price index in relationship to non-agricultural products and overhead costs. And large units of farm machinery, over a long-range trend, will of course be used to the extent that they are profitable.

The foreign market for American food was formerly a mighty item in the national income. Some economists, for example, have given agriculture full credit for pulling the United States out of the depression of the seventies, due to the freak combination of excellent crops in this country during the last three seasons of that débâcle, in a time when almost total failures occurred in what was then a relatively prosperous Europe. In recent years, however, we have seen this sales outlet slipping steadily away, until at present its proportions are absolutely pitiful. Such a situation naturally makes producers wonder if it is permanently lost. If so, could the decline have been prevented, at least in part? Naturally we know of the increasing export of food from such surplus-producing regions as Canada and South America. We also hear a good deal about the revival of agriculture in Russia, which apparently made rather slim progress in 1932, however. And anyone who reads newspapers at all learns something of the sub-normal income of the people in the food-importing countries. If we turn more closely to the practical items about which our community is concerned, we find the question being asked whether the Smoot-Hawley tariff bill, through the retaliatory

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rates which it engendered, ruined our export business (especially in food) in the same proportions that its extortions destroyed our import trade? What effect has the failure of the Federal Farm Board (and the disquieting international trade influences of its vast holdings of wheat) had on the price of the great bread crop? And finally, to what extent have the abnormally high tariff schedules of European countries against American food products, whether directly retaliatory or not, been established as a result of superficial thinking and ignorance on the part of Congress and an ineffective foreign policy on the part of the Government? In other words, if Congress and the President would really turn their minds toward solving the questions of policy affecting our relations with foreign governments (an important part of the duties which they are specifically elected to handle), might they not do farmers more good than with their never-ending and sickening parade of talk about farm relief (which has been filled with insincerity) and the building of such an economic monstrosity as the Federal Farm Board?

We farmers of the West Buffalo community discuss these problems as we meet from time to time, perhaps across the line fence while the teams are resting, because they affect our living standards acutely, and we don't know the answers. Naturally our knowledge of foreign markets is limited, and our knowledge of the technique of world diplomacy is absolutely non-existent. Our job has been production, and it has taken all the energy at our command in recent years to make a living. Nor have our people had extensive opportunities for travel; only seven individuals in our community — five men and two women — have ever been abroad. But we do know our Senators and Congressmen, and as we think about them in reference to the intelligent handling of international problems, and especially in regard to doing something to promote the sale of our products in foreign lands, we are not cheered thereby. I might take the Congressman from our district as an illustration, for he is above the level, mentally, of the men whom the Middle West has habitually been sending to Washington. His interests have been entirely identified, I think, with domestic problems, and with more success, let it be said, than comes to the lot of most Congressmen from this section. But if he has ever given any real attention to the legislation affecting other nations pending before Congress it has escaped the notice of the farmers in this community. Is it possible

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that the Senators and Congressmen from the Middle West are generally lacking in the capacity to analyze international problems? Have they failed, for example, to grasp the economic effects of the high tariff rates in the Smoot-Hawley bill, and especially the extent to which they may reduce the sale abroad of the products of a community like ours in West Buffalo? We wonder. And in the meantime we are confronted with the unhappy reality of 18-cent corn, 30-cent wheat and $2.75 hogs.

Most of us read a good deal about the tariff, and from time to time something about foreign problems in general. Frequently we discuss it all, following the Grange and Farm Bureau meetings, while we are visiting before starting for home. Some of what we read is of a political nature. Occasionally we get hold of the opinions of an economist, who discusses tariff problems in that gloomy manner common to students of the dismal science. And of course our Senators and Congressmen, especially in recent months, have given us the speeches which they prepared especially for the country picnics. They included adequate praise for a certain Party and its infallible policy of protecting industries, infant and otherwise. They also have told us about the help given agriculture: wheat on our farm, worth 30 cents a bushel, is "protected" by a duty of 42 cents. And some of us went up to Topeka in the summer of 1931 to listen to Our Charley Curtis tell us that all was well in the land, and that much higher prices for farm products were just around the corner. It all is very confusing. Apparently there is little agreement among our political leaders or economists on anything affecting foreign markets or policies. Especially has this been so, it seems to us, during the national campaign.

And so, naturally, we are forced back on the necessity for using what common sense we possess in trying to reason out some of these problems for ourselves. Inevitably we come to the simple axiom that a high tariff makes a difficult hurdle in international trade. It naturally follows that such an obstruction produces irritation of spirit; we know because we feel that way about some of the European duties. When a tariff of $1.60 a bushel is placed on wheat, as was done recently by one importing nation, it would seem that the machinery for carrying on a world exchange of commodities is definitely out of joint. This appears to be a rather high duty to pay on a product worth 30 cents on my farm!

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We understand, although perhaps not fully, that nationalism may be a serious factor in tariff making and international relationships in general, and that racial hatreds often override economic factors. But in the meantime, as we consider the low living standards of the people in our community, and learn of the distress elsewhere, it appears to us — or at least it did a few weeks ago when two or three of us were discussing this problem on the sunny side of the threshing machine while the "separator man" was fixing a belt — that the world is paying too high a price for these hatreds. Why not declare a moratorium on hatreds until we get rich enough to afford them? At any rate, why should not our government make a conscious, determined effort to eliminate such sources of strife as we have any sort of part in? Sons of this community are buried in France. A leading farmer here was wounded twice at Vauquois Hill in the Argonne. Others followed the bloody trail along the Marne and the Vesle and the Meuse, and on to the day of triumph at the bridgehead across the Rhine. The dread of international hatreds here is not an academic matter; men in the community carry on their bodies the scars of conflicts.

As a practical way of showing that we mean it when we talk about more effective world coöperation, we think it would not be a bad idea for the nations to start a slow retreat on tariff schedules, perhaps at the rate of 10 percent a year. Might this not help in moving some of the 30-cent wheat out of our bins? Doubtless tariff problems will be discussed at the forthcoming and much press-agented World Economic Conference. Would not the position of our delegates be stronger if they had some assurance of backing from Congress, instead of the practical certainty that all their suggestions for enlightened national action will receive an ill-tempered and disdainful reception?

War debts and reparations also may receive considerable attention at the Conference. And the West Buffalo community has no suggestions as to how they ought to be handled. But we do think of the conduct of our statesmen in approaching these questions at the same time that we think of the political trickery and downright mental dishonesty shown by the two major political parties of the United States in dealing with farm relief measures. Both problems are of about the same age. Each is in a deeper mess, apparently, than when it emerged into the zone of political action. Our suggestion for handling farm relief is simple: merely dismiss the subject, *along with special aids to other*

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industries, and let economic forces rule. If the nation continues its present policy, which our community regards as silly, of helping every Tom, Dick and Harry who gets in a jam with his business and goes running to Washington for aid, it seems evident that agriculture also must receive more support before it recuperates. Meanwhile, we think that if the statesmen of the world had the moral courage to tackle in a realistic way the "few fundamental problems" mentioned by Signor Grandi, an obstruction like that of the intergovernmental debts could be removed presently from the path to world recovery.

Perhaps these champions of a New Day will emerge. As to that we have no means of knowing, and our influence can be carried no farther than to our Senators and Congressmen. But it will be carried that far. Cynics have said that it would take an earthquake to wake up the Middle West to an appreciation of the need for larger foreign markets and better international understanding; 30-cent wheat, 18-cent corn and hogs at $2.75 have done the job in our community. Out of the thought and interest produced by this period of travail should ultimately emerge a group of Senators and Congressmen of larger intellectual capacity than we have hitherto known, and with a more adequate understanding of the helpful position which the United States should occupy in the society of nations.

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FRANCE AND GOLD

By Paul Reynaud

PUBLIC opinion abroad has been much impressed by two figures frequently published in the press. On June 25, 1928, when the franc was legally stabilized, the gold reserve of the Bank of France was 29 billions of francs. On October 28, 1932, the gold reserve of the Bank was 83 billions. This fact, presented in this manner, has impressed the entire world and still provokes the most contradictory arguments. The countries whose gold stocks have been depleted to the advantage of France cannot believe that this movement of gold was natural. It is taken as proof of a French desire for hegemony. The Bank of France is accused of having deliberately drawn in the yellow metal, of hoarding it, and of rendering it sterile. My aim in the present article is to show, first, how the gold came into France, and second, how it has been used there. I shall let the facts speak for themselves.

THE GOLD AND FOREIGN BALANCES OF THE BANK OF FRANCE

First of all, by contrasting the 29 billions of gold francs in the Bank of France on June 25, 1928, with the 83 billions on October 28, 1932, a false impression is created. The inference is that in the brief period of four years the Bank has, to its own profit and the detriment of the rest of the world, drained into its vaults a mass of gold and capital to the extent of 54 billion francs. The false picture is given of an enormous transfer of wealth, which is supposed to have coincided with the world depression and to have aggravated it. France is made to appear to have profited by the misfortunes of others.

The truth is quite different. On June 25, 1928, the Bank of France had not only 29 billions in gold, but also 26 billions of foreign balances which were worth gold and were already virtually gold. Not only did these balances represent gold, but the stabilization law, establishing in France not the gold exchange standard but the gold standard, placed upon the Bank the *obligation* of converting them into gold. The only latitude remaining to the Bank was in choosing the time when this should be done. The Bank has incurred much criticism for the manner in which it exercised this choice. Yet, how carefully it proceeded! In order not to embarrass the Bank of England, for example, France

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delayed as long as possible the conversion of its pounds into gold. As a result, when England went off the gold standard in September 1931 the Bank of France owned 62 million pounds on which the loss was 35 percent, or 100 million dollars. So far as the United States was concerned, the Bank of France acted with a similar sense of the obligation of coöperation. The conversion of dollars into gold was made gradually, on agreement between the Bank of France and the Federal Reserve Bank as to the best way to proceed.

In order that the action of the Bank of France should not accentuate the pressure which might be put upon the dollar, the Bank operated as much as possible through direct sales in the market, taking into account what the latter could absorb. Moreover, this policy seemed particularly desirable to the American authorities in the very interest of the United States, since it tended to eliminate from the New York market an element of doubt and uncertainty which was weakening the power of the Federal Reserve Bank. It was only because of a tightening of the American exchange market that the Bank of France was obliged to ask the Federal Reserve Bank to convert a part of its dollar assets into gold. Furthermore, on each occasion notice was given of this intention and, in addition, when it was decided in February–March 1932 to transfer the gold held in New York only on French boats, the Bank very clearly showed that sense of prudence and moderation which has always inspired it.

If this desire for coöperation seems to have been overlooked by the general public in America, it has been recognized by those closely in touch with the operations. Let me recall in this connection that last April the Bank of France received from high American sources the assurance that the manner in which the operation was being carried out was appreciated, and that it was very unfortunate that a portion of the American and European press had misconstrued French intentions.

On this first point, then, the truth is very different from the legend generally believed. It was not 29 billions of gold which the Bank of France possessed at the time of the legal stabilization of the franc. The gold reserve and gold balances of the Bank of France at that time actually amounted to 55 billions of francs. On October 28, 1932, the gold reserves were 83 billions. The amount of the increase, therefore, is cut to 28 billions.

What explanation should be given for this displacement of

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the yellow metal? Ought we, as some writers suggest, to regard it as the result of the German reparations payments?

GOLD AND REPARATIONS

Nothing could be more untrue. German reparations payments played a negligible part in the increase of the stock of gold in the Bank of France. From June 25, 1928, to June 30, 1931, France received $719,000,000 on reparations account. But this total includes $379,000,000 of deliveries in kind, which represents no cash transfer and which consequently played no part in increasing the gold reserves of the Bank of France. Cash reparations amounted to only $340,000,000.

Let us see now what sums France has had to pay out against these receipts. During the period in which she took in $340,000,000 she paid the United States $117,000,000 on war debt account, and England $191,000,000 under the Caillaux agreement and the Hague agreements — a total of $308,000,000. In other words, out of the annuities paid over to her on reparations account, France has kept only $32,000,000.

It is necessary also to take account of the sums which came to France under the Young loan. France's part in this loan was $120,000,000. But $85,000,000 of the loan was subscribed for in France. The amount subscribed for in France resulted in no international movement of gold. France's part in the Young loan, therefore, has augmented her foreign balances by only $35,000,000.

To sum up: The net receipts of foreign currencies under the reparations system during the period June 25, 1928, to June 30, 1931 (the date of the Hoover moratorium) amounted only to $32,000,000 on reparations account, and $35,000,000 resulting from the issuance of the Young loan. These sums are an insignificant part of the total of 28,000,000,000 francs by which the gold stock of the Bank of France increased.

Let us now see what are the real reasons for the accumulations of gold in France in these last years.

THE REAL CAUSES OF THE ACCUMULATION OF GOLD BY FRANCE

The real causes must not be sought in any preconceived plan of the Bank of France, whose rôle was limited to that imposed by the monetary law. The Bank simply bought at fixed rates, as it was obliged to do, the gold which was offered, and sold the gold for which there were purchasers. Between February 21, 1930, and

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May 2 of the same year, the exchange being then in favor of the foreigner, the Bank saw 600 million gold francs go out of the country without intervening in any way. But that was the exception. In general the franc was in constant demand on the world's markets from 1928 to 1932.

France's attraction for the floating capital of the world is easily explained. It was the result of the fall in the price of money on the great foreign markets, and of the safety offered by the French currency. The Bank of France explained the process as follows:

> The extension of the general economic crisis considerably reduced the credit requirements of foreign markets. In London and New York the rate of short-term investments remained at an exceptionally low level. The French banks, which had invested a small part of their funds in these great markets, were not able to have their loans renewed on such favorable terms as in the past. Consequently, when on several occasions they had to meet important demands from their customers for francs, they were naturally tempted to repatriate a part of their less productive assets, rather than to have recourse to the facilities offered by having their paper rediscounted by the bank of issue.
>
> The shipments of gold which the domestic market received were not solely due to the repatriation of French assets. In part, they are explained by the influx of foreign capital, anxious to profit by the stability and security now offered by the franc. They are a tribute to the effort at financial recovery made by our country, whose currency is now one of the most solidly secured in the entire world.

The extension of the depression thus contributed to the increase of the Bank's stock of gold. Turning away from long-term investments, capitalists looked for short-term credits. They felt that a sight credit on the Bank of France was the surest and most liquid investment. The resulting purchases of francs naturally determined the flow of metal to the Bank of France. It is therefore correct to say that the Bank of France submitted to the importation of gold but did not in any way provoke it. These movements of gold were the result, not the cause, of the depression.

But, it may be said, if the Bank of France played a passive rôle in these importations of gold, did it not, on the other hand, incur a heavy responsibility by not putting the stock of gold thus accumulated to more productive use? Let us see whether the gold imported into France was, as people have said, sterilized.

THE SO-CALLED STERILIZATION OF GOLD IN FRANCE

Contrary to the opinion frequently expressed abroad, France never practised a policy of sterilizing gold. France never tried to neutralize the effect which the importations of metal might have

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on the volume of credit. As is required by the gold standard system, imports of metal into France resulted in the creation of a corresponding number of francs. The amount of gold and foreign balances in the Bank of France increased, as I have pointed out, by 28 billions of francs from June 25, 1928, to October 1932. Simultaneously the amount of sight obligations of the Bank of France rose from 72 to 107 billions, or an increase of 35 billions of francs. Consequently the increase in sight obligations — that is, the creation of new francs — was greater than the increase of gold.

In the United States the influx of gold immediately after the World War was not followed by a corresponding increase in the sight obligations of the banks of issue. In fact, the Federal Reserve Banks reduced their bills, drafts and negotiable instruments, either because of repayments by member banks or because of the sale in the open market of paper held by the Federal Reserve Banks. In 1921, for example, the gold in hand in the American banks of issue rose from 2,080 to 2,870 million dollars. During the same period the amount of currency declined from 3,270 to 2,440 millions and private deposits from 1,820 to 1,690 million dollars.

In England, after the return to the gold standard (that is, from 1925 to 1931), the Bank of England tried on numerous occasions to neutralize the inflow of gold by selling Treasury bills. This was done to avoid any expansion of banking credit, the pounds created to offset the importations of metal being cancelled by the pounds withdrawn from circulation as a result of the sales of Treasury bills. The Bank of France has never adopted such a policy. It has never at any time tried to interfere with the normal effect of gold imports on the volume of the country's banking credit. The increase in its sight obligations is irrefutable evidence of this, as the following table clearly shows:

CURRENT ACCOUNTS AND DEPOSITS IN THE BANK OF FRANCE[1]

End of 1925	3,100	million	francs
" " 1927	4,500	"	"
" " 1928	6,300	"	"
" " 1929	7,500	"	"
" " 1930	11,300	"	"
" " 1931	23,200	"	"

The situation revealed by this table is comparable to that existing in the United States at the present time. In 1931, and es-

[1] These figures include private deposits in the Bank of France as well as the assets of the Caisse des Depôts et Consignations. They do not include the deposits of the Caisse Autonome d'Amortissement and the Treasury.

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pecially in 1932, the Federal Reserve Banks wished to ease the American money market, and for this reason bought large quantities of government bonds. But the dollars created to offset these purchases merely permitted the member banks to pay their debts to the Federal Reserve Banks or to increase their reserves in those institutions. On the whole, the volume of American credit was not noticeably affected. In France the situation is similar. Owing to the decline in business, the French banks have not been able to use their funds in foreign markets. Although obliged to pay interest to their depositors, they have been compelled to see their funds lying unproductive, owing to the scarcity of good discountable paper.

Again, it was the custom of the French banks to invest part of their funds in London. They have always maintained the closest relations with banks in the City. When England went off the gold standard they were deprived of this form of investment, as the instability of the pound involves a risk which they are not in a position to assume, as their total obligations are reckoned in francs. True, the French banks might have invested their funds in certain other European countries which were suffering from a lack of credit. But the political, economic and monetary insecurity which prevailed in those countries — and which still exists — prevented any investment of that kind. The Swiss and Dutch banks, which also have relatively large cash accounts, followed the same policy as the French banks in this respect.

Because of the excess funds which were on hand in private banks the Bank of France could not have the slightest influence on general credit conditions. If it had tried to interfere with the market the attempt would have failed. The funds it created would have gone, like those created to offset the gold imports, into the accounts of the private banks; general credit conditions would not have been affected.

Moreover, when people talk of the sterilization of gold in France, they constantly forget one fact. The stock of gold held by the Bank of France does not all belong to French people. It is largely "mortgaged," so to speak, by the credits owned by foreigners in France. It would have been extremely imprudent of the Bank to put all its gold to work, even had that been possible. The Bank of France has the duty to be forearmed against the possibility of a sudden withdrawal of foreign funds. Its policy of prudence is dictated by the interests of the foreign credi-

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tors themselves, who must be assured that they could withdraw their credits at any moment without the risk of loss or a moratorium.

What is the amount of short-term capital invested in France? According to the figures published by M. Meynial in *La Revue d'Economie Politique*, the importation of foreign capital into France from 1928 to 1931 reached approximately 20 billions of francs. This figure represents the net imports of short-term capital; that is, the exports have been deducted. These imports are due, to a certain extent, to the repatriation of capital invested abroad by French banks prior to 1928. But assuredly this factor has been of little importance, because the banks extended their foreign investments chiefly after the legal stabilization of the franc. To estimate it at 5 billions of francs is certainly generous.

Thus the amount of foreign capital invested in France between 1928 and 1931 would appear to be at least 15 billions of francs. It has further increased subsequently because, despite a certain deficit in the balance of payments, the Bank of France has lost only 2 billions of francs in securities. It may be presumed that the amount of foreign capital in France today is considerably more than 15 billions and is probably near 20 billions of francs. And this refers only to short-term capital. If long-term foreign investments in France are added, the figure would be measurably greater. And, as I have said, the policy of the Bank of France must be guided by the amount of foreign funds invested in France.

It ought further to be remembered that the United States (which between 1921 and 1925, when the dollar was practically the only gold currency, had received considerable quantities of foreign capital) always regarded a part of its stock of gold as not its own. The Federal Reserve Banks even tried to neutralize the effect of the influx of gold on the volume of credit by offsetting the increase of metal in hand by decreasing paper. In its report for 1926 the Federal Reserve Board stated that: "The existence in America of these foreign balances consequently presents a condition in the banking situation to be taken into account in determining the Federal Reserve System's credit policy with a view to maintaining the country's banking system in a position to meet demands for gold from abroad without disturbing business and credit conditions in this country."

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Unlike the United States, the Bank of France has never tried to neutralize the influx of gold into France. It felt that such a policy, by maintaining artificial credit conditions, would actually have stimulated the import of gold and aggravated the monetary difficulties of other countries. It was determined not to interfere with the normal working of the gold standard although it would have been justified in acting as the Federal Reserve Banks did, in view of the facts which led to the influx of gold.

It is none the less true that the Bank of France must be very careful in discounting, because a sudden or large-scale withdrawal of foreign capital would rather seriously disturb the credit market. It is the duty of the Bank of France to guard against this danger by maintaining, not a sterile gold reserve, but a margin of available credit, so that it may intervene at an opportune moment and so far as possible modify the effect produced by the withdrawal of foreign capital.

But if the Bank of France is vigilant in matters of credit, this does not mean that it withholds from the French financial market the funds which it needs. The discount policy of the Bank of France has always been more comprehensive and broader in this respect than that of other central banks.

THE DISCOUNT POLICY OF THE BANK OF FRANCE

At the time the franc was stabilized, in June 1928, the French money market enjoyed an abundance of funds. The Bank's discount rate, which had been raised to 7½ percent in July 1926, at the time of the extreme crisis of the franc, had been progressively reduced to 3½ percent at the beginning of 1928. It was maintained at this level during 1928 and 1929, whereas in London and New York the official discount rate was respectively 6½ percent and 6 percent during the summer of 1929. The importations of gold into France which occurred after July 1929 were in no sense due to any attraction exercised by the rates of interest prevailing in the French market.

After the beginning of 1930 the economic crisis and the decline in business greatly reduced the demand for credit throughout the world. Moreover, in New York as well as London, an attempt was made to steady the fall in prices by maintaining large credit facilities. In this respect the policy of the Bank of France was no different from that of the other central banks. The following table shows that, in recent years, the discount rate of the Bank of

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France has generally been lower than that of other large banks of issue:

DISCOUNT RATES

	Bank of France		*Federal Reserve Bank of New York*		*Bank of England*	
	Max.	*Min.*	*Max.*	*Min.*	*Max.*	*Min.*
1928	4%	3½	5	3½	4½	4½
1929	3½	3½	6	4½	6	4½
1930	3½	2½	4½	2	5	3
1931	2½	2	3½	1½	6	4½
1932	2½	2½	3½	2½	6	2

	Reichsbank		*Netherlands Bank*		*Swiss National Bank*	
	Max.	*Min.*	*Max.*	*Min.*	*Max.*	*Min.*
1928	7	7	4½	4½	4½	3½
1929	7	6½	5½	4½	3½	3½
1930	7	4	4½	3	3½	2½
1931	15	5	3	2	2½	2
1932	7	4	3	2½	2	2

The first remark suggested by this table is that the discount rate of the Bank of France varied very much less than did the rates of the Federal Reserve Bank and the Bank of England. There was no tension, especially in 1929, like that observable in New York and London. The French market had participated only slightly in the excessive speculation of that time, which culminated in the crash on the New York Stock Exchange in October 1929.

Nevertheless, in the course of 1930 and 1931 the Bank of France took into account the fall in the money rate abroad, particularly in the United States, by lowering its rate from 3½ to 3 percent on January 30, 1930, and to 2½ percent on May 1. The Federal Reserve Bank reduced its rate to 2½ percent on June 19. At that moment, then, the official discount rate was the same in Paris and New York.

At the end of 1930 the Federal Reserve Bank reduced its rate to 2 percent and a few days later, on January 2, 1931, the Bank of France did the same. When, however, at the beginning of May 1931, the Federal Reserve Bank of New York reduced its rate to 1½ percent, the Bank of France did not feel justified in taking the same step. Unlike the Federal Reserve Banks, which as a rule do business only with banks and are rediscounting houses, the Bank of France discounts directly such paper as may be presented

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by merchants and industrialists, provided it is furnished with three signatures of recognized solvency. This paper is treated exactly like that of the banks. By lowering its rediscount rate, the Bank would have enabled all sorts of enterprises to get cheaper credit and would have encouraged them to maintain their level of production at a time when the shrinking of markets resulting from the depression called for a reduction.

Moreover, the Bank of France could not overlook the fact that, owing to the prevailing lack of confidence, capitalists were hesitating to put their money into long-term investments, and also the fact that the rate for long-term money remained at 5 to 6 percent, whereas the rate for short-term money had fallen to a very low level, oscillating between 1 and 2 percent. The Bank believed that, far from helping business, too great a discrepancy between the rate for long-term and short-term money would only encourage investors to tie up their capital in short-term investments (as happened in Germany). This practice, which has little enough to recommend it in normal times, is particularly dangerous in times of crisis, when the return on locked-up capital necessarily diminishes because of restricted consumption.

Finally, the Bank of France could not ignore the fact that too great a fall in the short-term money rate compels private banks to reduce their rate to depositors. Experience has shown that when funds put in banks by the general public do not bring in a sufficient return, they are withdrawn and hoarded in the form of currency. The French public is inclined naturally to hoard. Since the beginning of the depression hoarding of currency has greatly increased, as witness the increase in the circulation of notes of the Bank of France, which rose from 67 billions of francs at the end of 1929 to the present figure of more than 81 billions. A more drastic reduction in the rate for short-term money, apart from any question of lack of confidence in the debtor houses, might have stimulated the withdrawal of bank deposits, a movement which would have seriously threatened the financial structure of the country.

During this period of crisis, therefore, the Bank of France has endeavored to extend to the French economic system all the credit it needed on advantageous terms, without departing from those rules of caution which must always govern the policy of a bank of issue which is anxious to safeguard the position of its currency. While recognizing the necessities of wide international coöpera-

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tion, the Bank of France has remained faithful to its traditional principle of maintaining a discount rate as low and as stable as possible. Within these limits the Bank has always freely met all demands for credit. Its holdings of domestic commercial paper at the beginning of the crisis, in November 1929, amounted to more than 10½ billions of francs; after the stabilization of the franc, in June 1928, they had increased by more than 7½ billions.

It is true that during 1930 and the first six months of 1931 these holdings fell off considerably, so that they were little more than 4 billions in July 1931. This falling-off is primarily to be explained by the decline of business in France. Furthermore, the effect of the crisis was to increase considerably the funds of the banks. French capital which up to that time had been invested abroad returned to the country and was left on deposit in the credit houses; and these had at the same time received an important amount of foreign capital.

This influx of capital into the French banks, coinciding as it did with a diminution in the volume of negotiable paper as a result of the crisis, was reflected in a most pronounced fall in the rates on the money market. The banks had sufficient funds to wait until the paper which they had discounted fell due. Moreover, in case of necessity they could negotiate the paper which they held at rates varying from 1 to 2 percent, so that they had very little need of the services of the bank of issue. In these circumstances, a new decrease in the official rate would not have caused any additional paper to be rediscounted by the Bank of France.

On the contrary, when certain establishments found themselves in difficulties in September and October 1931, the Bank of France came generously with its discounts to the assistance of such houses as were in a position to furnish the guarantees which the Bank's statutes required. In a few weeks its holdings of negotiable paper increased by nearly 5 billions (from 4.1 billions to 8.7 billions).

From the foregoing it follows that the Bank of France, thanks to the suppleness of its discount policy, has always supplied the French market with all the credit necessary.

But, it is still argued, the Bank of France does not follow the "open market" policy pursued by the Bank of England and the Federal Reserve Banks. This, however, by no means proves that the Bank of France is more rigid than the other banks of issue.

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THE BANK OF FRANCE AND AN "OPEN MARKET" POLICY

The Bank of France is advised to purchase securities in the market. In the first place, the Bank is forbidden to do this by its statutes. But, apart from the legal obstacle, it can easily be shown that in France such a policy would be both ineffective and superfluous. In its study of the gold problem, the Financial Committee of the League of Nations, while recognizing the opportune measures taken by France to stop the importation of gold, stated, in effect, that the Bank of France had been justified in not having recourse to operations on the open market which, as the Report says, "would not have had any appreciable effect upon the volume of credit and the level of prices, granted the peculiar structure of the French market."

The efficacy of a policy of controlled currency presupposes that an important part of the national debt is carried by the bank of issue and the money market itself, that is, by the banking organizations. By liquidating the securities which it holds, or by purchasing others, the central bank directly influences the volume of credit at the disposal of the market. As a matter of fact this situation (which prevails in England and the United States, where the banks hold a large portion of the floating debt and the consolidated debt) does not exist at all in France.

Of the 26 to 27 billions of National Defense bonds in circulation at the end of 1931, only 5 to 6 billions were held by the banks and were floating in the money market. The Bank of France did not, so to speak, hold any for its own account. At the same time, the four large credit companies and the twenty leading shareholders' banks held a total of commercial paper and bonds amounting to 25 to 26 billions and 49 to 50 billions, respectively, of deposits and sight accounts. Since a very appreciable proportion of the Defense bonds in the market were held by the Bank of France for the account of foreign banks of issue, the movable balance could not, in any event, represent more than 2 to 3 billions of francs, or scarcely one-tenth of the total holdings of the private banks. In these circumstances, what effect could the Bank of France have had on the market by buying at less than the official rate and for its own account Defense bonds, whether outright or conditionally? The only result would have been to disorganize the money rates and the market, thereby uselessly embarrassing the banks.

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This observation applies with equal force to the purchase or sale of long-term securities. One of the essential characteristics of the French national debt is that it is spread amongst the general public. At the end of 1931 the twenty leading French banks had certainly not more than 100 millions in state funds in their balances. In view of that, how could the intervention of the Bank of France have an effect analogous to that of the intervention of the Federal Reserve Bank or the Bank of England, since in France state securities are held by a multitude of private accounts and are thus practically withdrawn from the money market? Would it have been right, in order to carry out a financial transaction the very principle of which is debatable, to bring about a shift of government bonds from private portfolios, a movement which would have been distinctly dangerous to the public credit?

The purchase of state securities by the Bank of France would also bring about disguised inflation. This would hurt the national currency and be advantageous to the bank of issue, which would thus abuse its privilege of issue in order to acquire securities the revenue from which would increase its profits.

Operations in the open market would be useless in France.

1. According to its statutes, the Bank of France, whether discounting or rediscounting, constantly offers everyone credit at the price which it has fixed, provided, of course, that the paper offered conforms to statutory requirements. If, from 1929 to 1932, private banks and business men who had credits abroad, sold it gold when they liquidated their obligations abroad, especially in London, it was because the rates in force on the English market were not high enough to justify the risk of holding an account in sterling. As a matter of fact, statistics clearly establish the correlation between the gold imports from England into France and the movements of the interest rate in London. During this entire period the French market had no need of supplementary credit. In this connection it is sufficient to bear in mind the amount of the sums which remained constantly inactive in the current account of the Bank of France, as indicated above.

2. The rôle of the Bank of France in the distribution of credit is totally different from that of the Bank of England, or the Federal Reserve banks.

By the simple manipulation of its discount rate, as has already been said, the Bank of France has at its disposal an extremely elastic and efficacious instrument, for the following reasons:

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1. The Bank of France does its rediscounting through its 360 branches over the entire country. The Bank of England has only seven branches. Consequently it has no means of directly controlling the joint stock banks, and must energetically intervene in the market if it wishes to exercise any decided influence on the trend of money rates. This is even more definitely the case with the Federal Reserve Banks, as they necessarily have no relations with the public but only with the member banks, cannot content themselves with varying their discount rate, and must, if they wish to affect the market, have recourse to the sale and purchase of securities, a process which is useless in France.

2. French commerce is essentially financed by bills of exchange discounted in the banks of the provinces and Paris, at a rate which is always in so close a relation to that of the Bank of France that it is possible to rediscount them without loss at the latter bank. Thanks to this arrangement, the bank of issue is in a position to furnish the market constantly with such funds as are necessary.

3. The Bank of France discounts directly for commerce and industry, thereby preventing arbitrary variations in the rate of money.

4. The use of checks in current transactions is much less common in France than in England or the United States. Discounting, therefore, furnishes the Bank of France with a sufficient means of control over monetary instruments.

5. Apart from the funds which the market procures by rediscounting, it is also supplied from the considerable resources which, thanks to the funds derived from the savings banks (which amount to more than 54 billions), the Caisse des Depôts et Consignations can partly put at its disposal by the payment of National Defense bonds.

Thus the money market is always provided with sufficient funds. At the same time, there is no danger of the volume of domestic credit being swelled abnormally because, before such a thing could happen, the French banks would have deliberately to sacrifice the usual equilibrium of their assets by ceding the greater part of their holdings to the Bank of France, in order to increase their foreign investments. But they have by tradition an instinctive repugnance against asking for help from the bank of issue. It may be added, in conclusion, that the prudence and wisdom of the French houses of credit have always led them to avoid carefully the risks of insolvency and exchange involved in having important holdings of foreign securities.

Inefficacious in their results, useless in principle, "open market" operations do not, in France, correspond either to the economic structure of the country or the organization of the credit system. The conception of such operations is quite foreign to the spirit and the statutes of the Bank of France, by virtue of which the bank of issue must not take the initiative in creating credit

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which is not obviously necessary, but must merely be in a position to furnish at any moment the credit demanded.

CONCLUSION

Even though the Bank of France has often been the subject of unfair criticisms — which I have attempted to answer in this article by simply making an impartial statement of the facts — justice has been done to it in a significant international document. The "Gold Delegation" of the League of Nations, in its final report published in June 1932, devoted a long paragraph to an examination of the policy followed by the Bank of France. For my part, I could not find any better words with which to conclude:

"The Bank of France has endeavored to limit imports of gold, which were disturbing the equilibrium of certain foreign markets. It did not, like the Federal Reserve Bank of New York, have recourse to open-market operations which, owing to the special structure of the French market, would have had no appreciable effect upon the volume of credit and the level of prices. The only method of preventing this influx of gold would have been to increase French investments abroad. Many steps have been taken in that direction. The Bank of France has maintained its discount rate at a low level. It has taken other steps to favor short-term foreign investments — in particular, by encouraging the development of acceptance credits. The French Government, on the other hand, has considerably reduced taxation on foreign securities in order to encourage foreign issues in France.

"But these measures — whose efficacy cannot be denied — have not been able to produce their full effect because of the break in confidence which has occurred throughout the world and has, since 1930, been paralyzing international movements of capital. On the contrary, France has become a refuge for foreign capital, which greatly contributed to the entry of gold into France in 1930–31."

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BRITAIN AND THE GOLD STANDARD

By T. E. Gregory

SINCE Great Britain's departure from the gold standard on September 21, 1931, the course of the dollar sterling exchange has revealed three major movements. It fell almost continuously till December, the average daily rate for that month being $3.37 to the pound. From thence onwards it rose to a new maximum in April 1932, the average rate for that month being $3.72. By July the rate had sunk to $3.56. In August, September and during the first three weeks of October the rate showed considerable stability, the average for the whole of this period being about $3.46. As this article is being written, late in October, the downward tendency has again been renewed.

Toward the end of the week ending October 22, Sir Hilton Young, a distinguished parliamentarian who was formerly a brilliant financial journalist, speaking as deputy for the Chancellor of the Exchequer at the Annual Bankers' Dinner, vaunted the intrinsic stability of the pound sterling and put an end to any hopes or fears that might have been entertained that the British Government contemplated an early return to the gold standard. His speech may have contributed to the subsequent weakness of the sterling exchange, in so far as it may have encouraged Continental speculators to sell short and Continental bankers to withdraw balances. It has certainly not met with even the shadow of criticism in the British press; on the contrary, it is certain that, in the present state of public opinion, a return to the gold standard would be highly unpopular. When, a year ago, sterling was falling there were certainly some voices demanding that "something should be done about it." It is significant that it was the rise rather than the fall of sterling which produced alarm in the spring.

To appreciate this state of public opinion, it must be related to the past, both near and remote. Great Britain had been a gold standard country for a century before the war; it was, and is, the center of international financial operations; the Bank of England had rendered yeoman service in restoring the gold standard in Europe in the period 1925–1929, and only recently supported a resolution in favor of the international gold standard at a meeting of the directorate of the Bank for International Settlements; finally, the present National Government was originally formed to

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save the pound from destruction and played upon the fear of inflation in the autumn of last year — in the opinion of many somewhat shamelessly. Any discussion of the possibility of Great Britain returning to the gold standard requires that account be taken not only of those factors in the domestic and world situation which may well make even a convinced supporter of the gold standard hesitant, but of those intangible, perhaps partly irrational elements of public opinion which no government can afford to neglect. I shall begin with these wider elements of opinion, because, at a distance, they are in danger of being overlooked.

The gold standard is unpopular, to begin with, because to it is attributed both the world depression *and* the peculiar difficulties to which Great Britain was exposed in the period 1925–1929; and in the formation of opinion the special difficulties of this country have played perhaps the greater rôle. When the gold standard was restored, the opponents of the step then taken (and particularly Mr. Keynes) pointed out that, if the old parity of exchange were restored, the gold cost of British goods to the foreigner would rise unless the level of British costs fell, and that there was grave reason to fear that British costs would *not* fall. In a word, there was a danger that the pound sterling would be permanently overvalued, unless either world prices rose (without a corresponding rise in British internal prices taking place) or the forces of rigidity within the British economic system were overcome. If world prices neither rose nor British costs fell, the result would be a more or less permanent depression in the British exporting industries. In my opinion, whilst it would be unwise to say that the whole of the difficulties of, say, the British coal trade in the last decade are due directly to the reimposition of the old parity, undoubtedly the currency situation contributed to the difficulties actually experienced by exporters. The trade unions feel that they were asked to consent to a wage reduction merely because of a currency policy forced on them by "financial interests." Employers feel that they had to consent to a fall in their export prices and, under the conditions of the case, a deduction of profits on the same grounds. A large part of British industry is therefore disinclined to return to the gold standard because it fears a repetition of the same difficulties in the future. As for the general public, it has appreciated the line of argument advanced in 1925 and subsequently sufficiently well to have the impression that it was the supporters, rather than the opponents, of the gold standard who

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failed in their predictions; and consequently it is unsympathetic to restoration of gold.

But the state of business opinion is also in part influenced by the somewhat irrational idea that a fall in the international value of the pound is necessarily favorable to British exporting interests, whilst a rise in the value of the pound is unfavorable: the alarm which was felt at the rise in the dollar value of sterling in the spring was due in part to this feeling. In other words, business opinion feels that the existence of a falling exchange also implies the existence of an "export bonus," whilst a rising exchange involves a tax upon exports. Now, in so far as the falling exchange merely registers the extent to which world prices are falling more quickly than British prices, and accurately measures the extent of the difference, a falling exchange does not yield a bonus, any more than a rising pound due to world prices rising more rapidly than British implies any impediment to export. It so happens that the pound sterling probably has been "undervalued," *i.e.*, the international value of the pound has been below its true value on a comparison of price-levels, because in the case of Great Britain the exchange has been, and is, greatly influenced by financial movements which have only remote (if any) connection with the state of prices. There has therefore been a bonus on exports, which a rise in the exchange would imperil. Opinion in Great Britain does not recognize that the continuance of such an undervalued exchange, given a free exchange, is intrinsically unlikely, or that its existence is in itself one of the reasons for the continuous increase in the import "quota" and "anti-dumping" legislation of other countries. Public opinion confuses the advantages resulting from a free exchange with those resulting from a temporary position of the exchanges, and its desire to retain these temporary benefits leads it to refuse to assent to the disappearance of a régime under which they are possible, even if only temporary.

Thirdly, public opinion has learnt to associate the world depression with the existence of the international gold standard. I have to refer here to arguments which must be familiar to American readers: the two theses that the fall of prices is due to gold shortage and that it is due to gold maldistribution have become commonplaces even to the general public. It would be easy to exaggerate the *direct* influence of experts such as Gustav Cassel and Sir Henry Strakosch upon the movement of opinion, though their views have been given wide prominence in the press. Where-

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as the trained economist is inclined to describe the depression as a cyclical decline in activity, accentuated by abnormal political and economic factors, the "man in the street" now believes that the fall of prices is due to the fact that "there isn't enough gold to go round" and that what gold there is has been locked away by France and the United States. This maldistribution of gold, he has been taught to believe, is due to a failure on the part of other countries to "play the rules of the gold standard game." Under these circumstances, he is naturally inclined to ask himself whether it is not better to stay where he is rather than risk any further disasters by linking up again with gold. In a more sophisticated form, this view is shared by many whose knowledge of the technical position is much greater. In any event, the position in the United States (which the public believes to be much worse than it is in Great Britain), and the growing difficulties of France (which have not failed to be advertised by the press), are negative reasons for refusing to budge. The retention of the gold standard in these countries has certainly not prevented the accentuation of local difficulties in the period during which Great Britain has been off gold.

Moreover, the country finds itself in good company. It is not as if Great Britain had been driven off gold whilst the rest of the world remained unaffected by the British action. On the contrary, a large part of the world is in the same plight as Great Britain, and the number of paper standard countries has been added to since last September. In the spring of this year, when the great gold drain from New York was taking place, there were not wanting voices in the City of London prepared to argue that by the autumn the pound would be worth six dollars. The wish was no doubt father to the thought: it is certain that there has been no general conviction that the gold standard will maintain itself even in those areas where it is still ruling. Moreover, although the Ottawa Conference did nothing to further the hopes of those who saw in it the formal instrument for creating an Imperial Currency Union (to which other countries might perhaps be eventually admitted), the public knows that the "Sterling Club" is coextensive with a large part of the Empire. The public also sees that the maintenance of the gold standard on the European Continent has been accompanied by an ever-growing volume of exchange regulation and it is not convinced that other countries — for instance, Germany — may not ultimately be forced

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off. For these reasons, there is an under-current of feeling that the flowing tide is with the paper standard rather than with gold, and opinion is not prepared to risk a return to gold unless there is more evidence than is at present available that Great Britain's return would be followed by Scandinavia, for instance, or by those dominions, *e.g.* Australia, whose immediate interest it is to see that the gold and commodity value of sterling should be kept low.

To these more remote considerations must be added the tangible facts of the situation. The immediate consequences of the departure from the gold standard have been on balance favorable and are certainly far removed from those which were predicted in the summer of 1931, when the struggle to maintain parity with gold was going on. At that time it was freely predicted that the abandonment of gold would lead to a drastic fall in the purchasing power of sterling, and the politicians, at any rate, played upon the fear of inflation with very considerable effect. But, for various reasons, the unfavorable consequences which might have been expected to accompany the departure from the gold standard did not materialize, whilst some of the favorable consequences did manifest themselves, though to a smaller extent than the optimists had hoped for. The fundamental reasons for the non-appearance of unfavorable reactions upon the cost of living were the continued fall in gold prices and the steady decline in the number of gold standard countries. Great Britain was in fact in a position to exert a *deflationary* effect upon the prices of all those commodities for which she represented an important market, especially at a time when import and exchange restrictions of all kinds were narrowing the world market to an unprecedented extent. Moreover, public opinion took no account of such price changes as actually occurred. Between September 1931 and October 1932 the *Economist* index number (September 18, 1931 = 100) show two maxima. On February 24 the general index stood at 111 approximately, and on September 7 at 107; the index of primary products on the two dates in question stood at 121 and 120 approximately. But the cost of living index barely moved and on balance has been falling; thus, the Board of Trade general index number was the same in August of this year as it was in August 1931. It must further be borne in mind that for a time at least unemployment ceased to increase, though this favorable symptom ceased after December 1931. The fall in the exchange undoubtedly

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benefited certain industries, primarily textiles; for a time the growing depression in shipbuilding and iron and steel was checked; and there was a sharp rise (partly seasonal, however) in the index of production. Moreover, the combined effect of tariff measures and a falling exchange was to cause (after a preliminary period of rising imports, due to anticipation of the duties which were later to be imposed) a sharp drop in the volume of manufactured imports: exports of manufactures maintained their position at a time when the general decline in world trade would have warranted one in expecting a decline. Thus the visible adverse balance of trade moved in a direction favorable to the country — and the fact that a cutting of imports must be accompanied by increasing pressure on such countries as Germany was overlooked in the general rejoicing.

These favorable symptoms lasted long enough to give renewed confidence in the outlook at home. After unemployment began to increase again (in May) other counterbalancing elements of satisfaction made their appearance. The creation of the Exchange Equalization Fund, coinciding as it did with the flight from the dollar, gave sterling an appearance of stability which was a necessary preliminary to the great conversion operations of the government. In estimating the situation, the fact that there has been in progress a great boom in gilt-edged securities must not be overlooked. In September of last year the index of gilt-edged securities stood at 97.9: it fell to 92.6 in October and has since recovered to 126.8[1] Thus the rentier class and the bankers, those sections of the population most likely to be scared by a falling external value of sterling, have seen their security holdings appreciate some 40 percent, and if this result has been in part achieved by official propaganda and an embargo on competing issues, a saving to the Exchequer of £23 millions net and a sense that the "old country is not played out yet," as well as very handsome profits on current purchases of gilt-edged stocks, are ample compensation. The fact that bankers' deposits at the Bank of England are up some £18 millions and bank deposits are up by some £150 millions — in other words, the circumstance that there *has* been some inflation which must sooner or later affect prices — is either disregarded or welcomed. Certainly it does not diminish satisfaction with the way in which events have moved.

I come now to the more narrowly technical reasons which pre-

[1] Basis 1924 = 100: London and Cambridge Economic Service Index.

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vent any great enthusiasm being displayed for an immediate return to gold, or even a return within a foreseeable time.

The first is the perfectly understandable reluctance to risk a return to gold unless it is certain that, if the return is decided upon, a new wave of international unrest will not drive the country off again. This issue is, of course, a different one from the quite narrow question of the choice of parity. There is universal agreement that, failing a drastic rise of world prices in which Great Britain does not share, a return to the old parity of $4.86⅔ to the £ sterling is impossible — and there are not wanting distinguished authorities, such as Emeritus Professor Edwin Cannan, who assert that the very fact that we are not likely to be able to return to gold at the old parity is a decisive reason for not returning at all, since public opinion abroad will regard a devaluation of the pound as itself a reason for not trusting our intentions as fully as before. So far as the factors internal to Great Britain are concerned, the possibility of remaining upon gold, once the return is decided upon, is of course affected by the choice of parity, but this is not the factor which looms largest in the British mind. What does loom large is the possibility of a new run upon sterling in consequence of circumstances over which the country has no control whatever. A decline in sterling, due to removal of balances, is by no means to be welcomed; but at least the shock to confidence due to the gold standard having to be abandoned is not, under these present conditions, one of the elements to be taken into account. So long as the volume of international short-term balances remains as great as it is, adherence to an international standard does undoubtedly involve dangers which are not contemplated by orthodox gold standard theory. The fear of being driven off gold by some sudden panic is a very real element in causing hesitation on this side.

The second element which leads to hesitation is the future behavior of the price level. So long as Great Britain remains upon paper, a fall in the world level of prices will lead, in so far as British monetary policy is directed towards maintaining the pre-existent level of British prices, to a further fall in the external value of sterling. If the fall is not accentuated by speculative or financial pressure, the cost of British imports will not, therefore, rise and the foreigner will pay the same amount as before, in the aggregate, for British exports. Great Britain cannot, of course, expect to "contract out" of the direct consequences of a fall of

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prices on the volume of world trade and production, but she can escape the necessity of making the adjustments which other countries might have to be making to adjust the level of costs to the new level of prices. Without question, it is a fact that it is easier, in view of the traditions and the economic structure of the country, to allow the exchange to fall than it is to bring pressure to bear upon the level of costs. If, then, world prices were to go on falling and Great Britain were to return to gold immediately, the effect would be to cause the reinaugurated gold standard régime to be exceedingly unpopular both with the broad mass of the population and with the business world. For the return to gold would involve the necessity for further wage reductions and hence would provoke new labor conflicts — at any rate in the exporting industries. Owing to the rigidity of the British economic structure, such a fall of wage rates would not necessarily communicate itself to the "sheltered" trades — those protected by the nature of the case from foreign competition, or those working primarily for the home market. But the disparity between wages in the export industries and those in the sheltered trades is itself a cause of labor unrest. Having had experience of just such a situation between 1925 and 1929, business opinion would naturally be hostile to a resumption of the gold standard if it were to imply the recurrence of a similar situation. The fact that Great Britain's retention of a paper standard might in itself act as a deflationary factor, and that a return to gold might act as an element strengthening confidence and so lead to a rise of world prices, is of course overlooked by those who put forward this line of argument.

The third element in the situation is the position of the debt question. There can be no doubt that Great Britain's capacity to pay has been influenced by the decisions taken at Lausanne: nobody supposes that Germany will ever resume payments or that the former Allied Powers are in a position to constrain her to do so. The resumption of payments to the United States would involve in any event a serious additional strain upon the budget, and might easily involve serious transfer difficulties. These difficulties have only a slight connection with those which popular opinion imagines are comprehended under the term: a country upon a paper standard which is allowed to fluctuate freely must, in the end, be capable of transfer, by allowing the exchange to fall sufficiently to encourage further exports and at the same time drastically check imports. But in a world in which tariff and quota

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restrictions are of great and growing importance, the fall in the rate of exchange necessary to force exports to a sufficient degree may well have to be very considerable, and such a fall — even allowing for a decline in world prices due to the pressure which Great Britain can exert upon the areas supplying food and raw materials — might then have very undesirable repercussions upon the internal cost of living and standard of life. Opinion within Great Britain might not be greatly upset; but London is still a great international center, and a rapidly falling exchange might lead to renewed distrust of sterling. From this point of view, the creation of the Exchange Equalization Fund has made things worse rather than better. For, whilst British opinion primarily regards the Fund as a means of preventing an undue *appreciation* of sterling, Continental opinion pays equal attention to the use of the pound as a means of preventing undue *depreciation* of sterling. The removal of the "peg" in October is one of the causes of the *magnitude* of the fall in the external value of the pound which followed. It is natural that it should lead to rumors that the Fund is exhausted and to attempts to force sterling down by bear sales. The resumption of debt payments to the United States — assuming that nothing else happens — must exert a depressing influence upon exchange and make it in any case impossible to fix a parity-point here and now. In any event, so long as we do not even know whether we shall have to keep on paying, and, if we do, what the immediate and more remote results are likely to be, the public and the government will not seriously consider the possibility of a return to gold.

This brings us to two other problems connected with each other and with the issues already discussed. The first of these is the budgetary situation, the second the position of the balance of payments. It is, of course, obvious that the budgetary situation is intimately affected both by the course of prices, the course of exchange and the amount to be paid in principal and interest upon the Anglo-American debt. When the financial statement for the year was presented to Parliament, no account was taken of the possibility of renewed payment upon the debt: on the other hand, the various conversion operations had not then been undertaken. Savings upon the old 5 percent War Loan will amount to a *net* sum of 23 million pounds, equivalent at rates of exchange current as this is written to some 76 million gold dollars. This is considerably less than half the annual instalment of 189 million

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dollars due to the United States. Since the price level has on balance fallen rather than risen, the burden of additional taxation would not be merely a nominal one, but would involve an equivalent real burden upon the tax-payer. There is, fourthly, general agreement that it is out of the question to increase direct taxation upon incomes and upon estates. With a lower exemption limit and a standard rate of tax of 25 percent, and with trade not visibly improving, the position of the government would be politically impossible if it tried to raise the level of the income tax. A recovery in world trade would swell the revenue from customs, now a more important source of taxation than before. Cheap money, if it continues, will help the government by reducing the cost of financing the floating debt. On the other hand, the resentment against the so-called "Means Test," by which an attempt has been made to keep down the cost of unemployment assistance, is growing apace and some concessions will probably have to be made. Apart from further reduction upon armaments — and unilateral disarmament is not really possible — the chances of economies in other directions are not bright. About as much has been accomplished in these other respects as is consistent with efficient government, and a dangerous agitation directed against the whole principle of economy in government expenditure is already under way. It is not to be expected that the government will risk a return to gold until the prospects of being able to balance the budget at the parity chosen become less obscure than they now are.

Finally, there comes the question of the balance of payments. On this subject the public mind has become thoroughly debauched in the course of the agitation preceding the abandonment of gold in the summer of 1931. The real problem in connection with the balance is not the "balancing" of the balance (with a paper standard, the credit and debit items must be adjustable to one another), but the decline in the "invisible" receipts from abroad (interest, shipping earnings, insurance and financial earnings, and the like). The growing disorganization of the world economy (partly, of course, the direct result of British fiscal policy) imperils that proportion of the national income which is represented by receipts from overseas. The improvement in the *visible* adverse trade balance may in fact merely conceal a reduction in Great Britain's ability to purchase abroad, due to default and absence of dividends upon equities, the laying up of ships and the

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like. A decline in these *credit* items may involve, in order that the balance may be adjusted, a further fall in the rate of exchange. On the other hand, it will be borne in mind that long-period capital issues in the London money market on behalf of foreign countries are almost at a standstill, whilst the prices of foodstuffs and raw materials have fallen. These elements affect favorably both the *income* and the *capital* categories entering the total balance of payments. What is not known with any certainty are the movements of short-period capital. Here various items have to be balanced against one another: 1, the repatriation of British funds formerly held abroad; 2, the inflow of foreign monies (speculative and for investment purposes) into London; 3, the outflow of British money to take advantage of low equity prices and high bond yields in New York; 4, outflow of foreign money and speculative sales of sterling due to profit-taking or anticipated further reductions in the external value of sterling. At the moment, the outflow is probably in excess — perhaps largely in excess — of the inflow: and if the New York Stock Market situation should improve in the future the outflow might increase. In any case, it is not yet apparent at what point sterling could be stabilized without the authorities at the Bank of England having constantly to manipulate the bank rate in order to encourage a flow of funds inwards or outwards as the equilibrating item in the balance of payments.

Some of these problems — particularly the problem of the world level of prices — may become more plain as the result of the deliberations of the World Economic Conference. By next spring, also, the budgetary situation will have become clearer and some certainty may have been gained on the subjects both of disarmament and of inter-Allied debts. For the reasons set out above, it is most unlikely that anything positive will be said or done by the British Government in the immediate future on the subject of Great Britain's returning to gold.

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THE ISSUE IN HAITI

By Ernest Gruening

HAITI appeared in the news in September with the State Department's announcement of a "Treaty of Friendship" negotiated on behalf of their respective governments by United States Minister Dana Munro and Secretary of State for Foreign Affairs Albert Blanchet. The new treaty, signed September 3, apparently provided for the termination of the occupation by the United States at an even earlier date than stipulated in the existing treaty (May 3, 1936). The State Department hailed the new treaty as providing the solution of a difficult problem. Newspaper commentators saw in it evidence of execution of the Hoover policy of withdrawal and of the administration's desire to improve relations with Latin America. To the casual reader it must therefore have come as a surprise to learn on September 15 that the Haitian National Assembly had unanimously voted to reject the treaty. Why did the President of Haiti — chosen by the same National Assembly in November 1930, and exemplifying the same intense nationalist feeling — approve a treaty which his legislative associates so emphatically repudiated?

To answer this question we must briefly review the history of the intervention by the United States in Haiti and trace the events which led us into the present impasse. Now nothing in recent American history is more controversial than the Haitian question. Certain facts stand out starkly. But the interpretation of the underlying causes and motives gives those facts conflicting connotations.

The United States intervened *vi et armis* in Haiti on July 28, 1915. Our official viewpoint may be summed up approximately as follows: Government had broken down in Haiti. In the four years preceding intervention there had been six presidents, none of whom completed his term and the majority of whom had been driven from office by revolution. The disintegration had culminated in President Vilbrun Guillaume Sam's seizure of some seventy supposed potential rebels, their slaughter in prison when revolution against his régime gathered headway, and his own death at the hands of an infuriated mob of friends and relatives of his victims, who dragged him from the French Legation whither

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he had fled. Thus the United States had to intervene to protect life and property, especially as foreign legations had been violated. Moreover, Haitian finances were in a tangle and defaults on foreign loans were imminent. To these arguments, former Secretary of State Lansing, writing to the Chairman of a Senate investigating committee in 1922, added that the United States feared Germany might secure a coaling station on the island.

The Haitians refute these allegations vigorously. No American life had ever been lost, they point out, in over a hundred years of Haitian independence, nor had the lives or the possessions of foreigners been imperilled in the political overturns. The lives or property of foreigners were not in danger in July 1915. Granted that American marines were landed in an hour of national distress in order to guard against possible danger to foreign residents, the permanent occupation and conquest of Haiti was in no wise justified. As for the bogey of European designs on Haiti, the Haitians point out that the European Powers were engrossed at the time (July 1915) in a life and death struggle, and that Germany in particular had been swept off the high seas. Their statements about finances are also categorical. They point out that while Haiti was in arrears on the amortization of loans to France, she had scrupulously paid the interest, this despite the fact that the outbreak of the World War had crippled trade with France, her chief customer. Haiti's financial difficulties, moreover, as well as her later revolutionary disorders, are ascribed in part to conflict with the foreign interests controlling the National Bank. On June 9, 1914, the American Minister, Madison R. Smith, wrote the State Department that the bank was seeking to paralyze the government in the belief "that the government, when confronted by such a crisis, would be forced to ask the assistance of the United States in adjusting its financial tangle and that American supervision of the customs would result."

This leads to the Haitian counter-charge that the United States, utilizing the disorders of July 27 and 28 as a pretext, really intervened on behalf of private interests — the interests of American investors in the National Bank and a railroad concession, the Compagnie Nationale de Chemins de Fer d'Haiti.[1] The published diplomatic correspondence of the United States goes far to justify this belief. In July 1914 Secretary of State Bryan sought

[1] The railroad's securities were held by a group affiliated with the National City Bank which just prior to intervention had acquired control of the Bank of Haiti.

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to get Haiti to yield control over customs to the United States. On October 7 he urged the Bank's view on the Haitian Government, and on November 12 demanded, *inter alia*, settlement of the claims of the Bank and the railroad against Haiti. On October 28 he wrote President Wilson of "the urgent need of increasing our force" in Haitian waters "for the purpose of protecting foreign interests" and "at this time when a renewal of negotiations seems probable." On December 4 he notified the Haitian Government that Davilmar Theodore would be recognized as President only on the signing of "satisfactory protocols" to settle the claims of the railroad and the Bank, and other claims. After objecting to an issue of paper money, which the Haitian Government contemplated, Mr. Bryan informed it on December 7 that the United States would "refuse to regard as legal any such issue," which he deemed violated the Haitian Government's contract with the bank. The Haitian Government maintained its sovereign right to make the issue and stated that the Bank had violated its contract with the government. On December 10 Secretary Bryan authorized the use of the U. S. S. *Machias* for the transfer from the Bank to Hallgarten and Company, in New York, of half a million dollars in gold, the ownership of which was in dispute between the government and the Bank. The government protested emphatically but without effect. The dispute over other funds remaining in the Bank continued. Secretary Bryan, on January 15, 1915, gave warning through the Navy Department "that any attempt to remove the funds of the Bank will compel you (Admiral Caperton) to take into consideration means to prevent such violation of foreign stockholders' rights."

In short, there had been a constantly growing pressure from the United States, with the implied threat of compulsion, when the disturbances of July 27 and 28 led to the landing of marines. The United States then proceeded to enforce its demands. After permitting the election of a President who appeared likely to be docile, the United States presented the draft of a treaty containing all the clauses which in previous negotiations the Haitians had rejected, besides additional more stringent ones. It was to be adopted "without modification." When the Haitian authorities balked at signing this treaty, which would give the United States complete military and financial control, the American naval commander seized the custom houses and withheld funds until compliance was forthcoming. In his own words, progress in the

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"successful negotiation of treaty . . . has been effected by the exercising of military pressure at propitious moments in negotiations."

The treaty proving insufficient to accomplish the aims deemed essential at the time, Washington drafted a new constitution for Haiti. It gave foreigners the right to acquire land (which all Haitian constitutions had forbidden), enthroned the courts-martial as the highest judicial authority in matters affecting execution of the treaty, and ratified all acts of the military occupation. When the Haitian legislature proposed to adopt the constitution without the land and court-martial clauses, General Eli K. Cole of the Marine Corps dissolved it (June 18, 1917). In the absence of a legislature there was no legal method of adopting a new constitution. However, a plebiscite was held May 8, 1918, under the direction of the marines, and this achieved the desired result.

The next step was to sign a protocol on October 3, 1919, which recognized as binding on Haiti the claims of the Bank and railroad, and obligated Haiti to float within two years a national loan of $40,000,000 to pay the above claims, the foreign debt, and other claims to be passed upon by a claims commission. Although Article I stated "it is clearly understood that this protocol does not in fact or by implication extend the provisions of the Treaty of September 16, 1915," Article VIII provides "that the control by an officer or officers" named by the President of the United States "of the collection and allocation of the hypothecated revenues will be provided for during the life of the loan after the expiration of the aforesaid treaty so as to make certain that adequate provision be made for the amortization and interest of the loan."

In this clause the Haitians sensed a possible prolongation of the twenty-year period of American control. President Dartiguenave and his Council of State — the only existing Haitian authorities — were opposed to the loan. After the financial adviser, Mr. John A. McIlhenny, had spent over two years in fruitless negotiation with the American bankers, the Haitian Government sought to invoke the two-year clause and declare the protocol extinct. The United States Government, however, refused to agree. An impasse over this and other financial matters led to the suspension by the financial adviser of the salaries of President and Councillors. A similar procedure had previously been used to make

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Haitian officials conform to the wishes of American officials. The loan was, however, staved off by the Haitian Government until the succeeding presidential régime of the more compliant Borno.

Of the $40,000,000 authorized, bonds to the extent of $23,660,000 were actually issued. The National City Company floated $16,000,000 of six-percent bonds, due October 1, 1952. The net proceeds to Haiti were $15,039,945. The government needed $6,037,650 for refunding the French loans, interest and amortization of which had been suspended by the occupation in 1915. The bondholders of the railroad were given $2,160,856 cash for arrears of interest, plus new Haitian government bonds to the extent of 75 percent of the par value of the defaulted railroad bonds. $2,660,000 of the new bonds were specifically floated for this transaction. Considering that for the previous eight years the road's revenues had scarcely equalled operating expenses (allowing nothing for depreciation), the railroad's bondholders fared very well. The majority bondholder was the National City Bank. In exchange for each thousand-dollar railroad bond the holder was given $352.50 in cash, plus $750 of the Haitian bonds, which to all intents and purposes were guaranteed by the United States. The receiver, the former president of the road, was awarded $100,000 for his past services, and his counsel was given $80,000. Most interesting of all, the claim of the railroad thus settled was not submitted to the Claims Commission but validated arbitrarily, despite the fact that it had been the subject of controversy prior to the American occupation. The National City Bank's claim was similarly disposed of. As for the Claims Commission, it settled a great variety of less preferential claims for $3,526,170 — less than 9 percent of the amounts claimed. An additional $5,000,000 worth of bonds were floated to refund the internal debt, leaving Haiti $2,411,736 for public works.

Since the dissolution of the National Assembly in 1917 for failing to vote the new constitution, no legislature had been permitted to assemble in Haiti. One of the "transitory articles" of that constitution had provided that a Council of State appointed by the President would "exercise the legislative power until the election of a legislative body, at which time the Council would cease to exist." The same article provided that such legislative elections would take place on the tenth of January of *an* even year, the year to be established by the President. The President

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of Haiti did not choose to establish any such year from 1917 to 1929. Under the constitution the legislature elects the President. But as there was no legislature the Council appointed by the President elected him! In 1922 it elected Louis Borno president. In vain did Haitians protest that as he was the son of a French citizen, and not (as provided in the Constitution of 1918) the son of a Haitian father, Borno was ineligible. Borno was apparently deemed indispensable. For the next eight years Haiti existed under what has been termed by an American official "dictatorship by collusion" — the dictators being the United States High Commissioner, Brigadier-General John H. Russell, and President Borno. When his term expired in 1926, President Borno's appointed Council of State reëlected him. In 1928 it passed a constitutional amendment lengthening the presidential term to six years, and this was ratified by another superintended "plebiscite." Other amendments further concentrated power in the executive's hands, largely destroying what remained of the independence of the judiciary.

Long seething discontent and bitterness finally culminated in strikes and bloodshed. On December 7, 1929, the situation burst onto the front pages of American newspapers. The situation had become so menacing that General Russell had sent a hurry call to the United States for more marines. Then President Hoover took cognizance of the situation (which, as he pointed out in a message to Congress, he had inherited) and sent the Forbes Commission to investigate. The purpose of this commission was set forth in the following words: "The primary question which is to be investigated is when and how we are to withdraw from Haiti. The second question is what we shall do in the meantime. . . . Our treaty of 1915, under which our forces are present in that country, in the main expires in 1936, or six years hence. We have no mandate to continue the present relationship after that date."

The Commission, however, found Haitian public opinion in such an inflamed state that it deemed it advisable to supplement inquiry with action. It requested more ample powers and laid the basis for the reconstitution of Haitian independence. President Borno was persuaded, much against his will, to resign; an interim president was agreed upon; legislative and presidential elections were held (resulting in a clean sweep for the most consistent opponents of the occupation); the post of High Commissioner was abolished; and ministers were sent by each nation to represent

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it at the capital of the other. This accomplished, the work of "disoccupation" in education, public works and hygiene began. This consisted in turning over to Haitians the functions which had gradually been assumed by Americans, as well as the military and fiscal services, so that Haitian autonomy might be reëstablished by May 3, 1936, the date of the expiration of the treaty.

In the process considerable friction developed between the United States Minister and the Haitian authorities. The task had been rendered much more difficult by the evident belief of the American officials in Haiti — recorded by the Forbes Commission — that the occupation would last indefinitely. After fifteen years only two Haitians had been promoted in the constabulary provided for in the treaty to a rank as high as captain. The other higher officers — 29 captains, 9 majors, 5 colonels, and 2 generals — were still Marine Corps officers. A regular schedule of substitution, however, was adopted by mutual agreement on August 5, 1931. This schedule provided for the transfer of all posts to Haitians by 1936, except in the financial departments of the government.

It is around these latter posts that the latest deadlock has developed. The specific issue concerns the extent to which control may be exercised by the United States under the protocol of 1919. Of the 1922 loan authorized by that protocol, somewhat over $14,000,000 remains to be amortized on or before October 1, 1952. The treaty of September 3 last, consisting of a preamble, two protocols, and a covering letter from the American Minister Dana Munro to the Haitian Secretary of Foreign Affairs, raises the issue sharply. This treaty, which is supposed to supplant the treaty of 1915, provides that until the full amortization of the loan, a fiscal and deputy fiscal representatives named by the United States shall control the finances of the country. They will administer the tariff and collect all import and export duties, retaining such Americans or Haitian personnel as they desire. They will also have final control of the internal revenue service. For the life of the loan Haiti obligates itself to balance its budget (an interesting undertaking to be exacted by a nation whose budget is billions of dollars out of balance), not to authorize any extraordinary or supplemental appropriations in excess of budgetary items unless unobligated funds are available, not to modify its taxes in such a way as to reduce the total yield of internal revenues, etc. The

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service of the loan is to continue to constitute a first charge on the customs and a second charge on the internal revenue, but the cost of supervision and collection (not to exceed five percent of revenues collected in the case of the customs, and twelve percent in the case of internal revenue) constitutes the next charge on the nation's income. The charge of maintaining the *Garde* is a next prior obligation, and during the life of the loan no changes may be made in the *Garde's* regulations. A military mission, appointed by the President of the United States, is to complete the training of the *Garde*, the powers of this mission to be the subject of a separate agreement. The American Minister's covering letter suggests that the mission will consist of both officers and enlisted men, and indicates "that it might prove impossible to carry out this program at the times fixed if very serious disturbances or other difficulties should arise to prevent its execution."

In Haiti a joint commission of Senators and Representatives, appointed to study the treaty, unanimously recommended that it be not ratified by the Haitian Congress. In an eloquent and impassioned address against ratification, Senator Pierre Hudicourt, Chairman of the Commission, recalled a conversation he had had sixteen years ago with Elihu Root, in which he quoted the American statesman as saying: "If you Haitians had not signed that treaty, what would have happened to you? Nothing worse than has already happened." Georges Léger, distinguished son of a distinguished father, expounding his views in four successive issues of *Le Nouvelliste*, viewed the new treaty as an attempt to prolong the occupation. He pointed out that the contemplated control of Haitian finances went beyond even the Protocol of 1919, and in effect would continue the existing tutelage. The only advantage to Haiti in the treaty was that it provided the Haitianization of the *Garde* by December 31, 1934, instead of May 3, 1936, a gain of sixteen months. But this, he urged, was more than offset by the obligation to install a United States military mission at Haiti's expense. "Why should this mission contain privates?" asked M. Léger. "It is the open door to the installation of an armed force even after disoccupation." There was even an opening for extending control beyond 1952, he pointed out, in the possible insistence of the United States upon a further flotation of a new series of bonds — the balance of the $40,000,000 — under the authorization of 1919 and 1922. Having analyzed the treaty paragraph by paragraph, he found it, instead

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of being a "treaty of liquidation, a prolongation and aggravation of certain stipulations of the 1915 treaty." He concluded:

> Read either as a whole or in detail this treaty strikes one for its lack of generosity. The loan, the money, those are its great concern. An entire people enthralled, so that the bondholders may be spared the slightest worry about their money; a Fiscal Representative installed like a watch-dog that not a crumb may fall from the table. The same Fiscal Representative takes care of his interests with remarkable foresight; his five percent, the five percent of his inspectors, the twelve percent for the internal revenue collectors — preferred obligations all. . . . The loan: It is to guarantee that, that the treaty prescribes the maintenance of the discipline of the Haitain *Garde*, prescribes the possibility of modifying our tariff, our taxes — forbids even the granting of a subvention of ten gourdes for some national need. . . . What becomes in all this of the interest of the Haitian people?

The Haitian Assembly by unanimous vote rejected the treaty. The question now naturally arises how it came about that President Sténio Vincent, always an uncompromising opponent of any impairment of Haitian sovereignty, authorized a treaty which his fellow-nationalists in the Congress found so objectionable.

In a proclamation following the legislature's rejection of the treaty, President Vincent detailed the long negotiations by which the treaty draft had been prepared. Of the American military mission, he declared that he had accepted it only because the Haitianization of the *Garde* had been so belated; and he added that the mission would consist of only five to nine members, and presumably would stay in Haiti not more than two or three years.

As for the much-criticized financial clauses, President Vincent said that the Haitian Government was not given a chance to discuss them. "It was merely a case," he declared, "in the adamant view of the American Government, of working out the details concerning the control of the revenues. . . . Every effort to attenuate the character of that control collided with the single purpose of the other side, to guarantee, by the means which alone it conceived to be certain . . . the regular interest and amortization payments of the loan. . . . Again and again as we insisted . . . upon modifications which seemed proper to us, we were given to understand, and in the most categorical manner, that the American Government had given its moral responsibility to the bondholders up to the time of the complete amortization of the loan and would never consent to less rigid control than had already been agreed in 1919 and 1922. . . . Was it wise to break off these negotiations because the United States was unyielding on

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the matter of financial control, or was it not better to take advantage of the present disposition of the United States Government to establish, once for all time, the relation of our country toward that government, thus avoiding the risk involved in the change of men, ideas and political control, which might take place in the United States between now and 1936?"

In that last paragraph lies the secret of President Vincent's willingness to approve the treaty. In Haiti there has been great fear of what might happen there when Franklin D. Roosevelt became President. The fear dates back to a remark ascribed to him twelve years ago. Speaking in Butte in favor of the League of Nations, Mr. Roosevelt, who for eight years had been Assistant Secretary of the Navy and was then Vice-Presidential candidate, was quoted by the *New York Times* (August 19, 1920) as saying: "The facts are that I wrote Haiti's constitution myself, and if I do say it, I think it a pretty good constitution." Mr. Roosevelt may have been misquoted. But certainly the constitution of 1918 was drafted in Washington in the State Department or the Navy Department. That the Haitian fears are justified may well be doubted, but certainly they weighed with President Vincent in deciding him to approve the treaty.

The unanimous rejection of the treaty by the Assembly has apparently crystallized Haiti's firm resolve to sign nothing that may conceivably, by any interpretation, give legal sanction to any extension or prolongation after 1936 of the control now exercised by the United States. If the Haitians seem unduly apprehensive and suspicious they must be excused. Under American control disputed issues and doubtful points have been decided largely according to La Fontaine's epigram: "La raison du plus fort est toujours la meilleure."

President-elect Roosevelt's present attitude in these matters has not yet been disclosed. At the time he made his much-quoted remarks in Butte he was still in his thirties and fresh from eight years steeping in bureaucracy. However, a more recent view of his is on record. Writing in FOREIGN AFFAIRS in July 1928, he pointed out that despite our good intentions in Haiti our policy there had lost us friendships throughout Latin America. He added: "The time has come when we must accept not only certain facts but many principles of a higher law, a newer and better standard in international relations. We are exceedingly jealous of our sovereignty and it is only right that we should respect a similar feeling

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among other nations. The peoples of the other Republics of this Western world are just as patriotic, just as proud of their sovereignty. . . . Neither from the argument of financial gain, nor from the sounder reasoning of the Golden Rule, can our policy, or lack of policy, be approved. The time is ripe to start another chapter."

Knowing the Haitian people as I do, and knowing how needlessly we have aroused profound antagonisms, I can affirm that in the application of the Golden Rule lies a complete and attainable solution of the Haitian situation. The true interests of both peoples, fated eternally to be neighbors, would be served as they never have been served in these eighteen years if we would abandon the policy of dictation and really start another chapter, with negotiation as between equals. The conquest of Haiti by a policy of good will and equal dealing remains to be tried. By it we should salvage far more than the really slight material interests that seem to have been so very much the concern of these years of military, civilian and diplomatic activity.

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THE PROSPECT FOR BRITISH LIBERALISM

By Ramsay Muir

IN EVERY country in the world Liberal parties are under a cloud; and the belief is widely held that Liberalism has had its day, has served its purpose, and must give place to other political creeds which are more definite in character and can command the support of powerful organized interests.

Is this belief well founded? Has Liberalism exhausted its inspiration? Is there no probability that organized Liberal parties will ever again play the dominant part which they played during the nineteenth century, notably in Britain? These questions deserve examination. But the answer to them must depend upon our definition of Liberalism.

I

Nine out of ten serious students of politics would agree that, in its great days, Liberalism was mainly identified with three causes or ideals: in the sphere of government, with the establishment of representative democracy; in the international sphere, with the support of demands for national freedom; and in the economic sphere, with individualism and *laissez faire*.

All these ideals seem now to be out of date, or out of fashion. Democracy has almost everywhere been established, and has almost everywhere brought disillusionment. It ought to act as a sieve to sort out the best leaders; it ought to create a universal sense of civic responsibility; and hitherto it has failed to do either of these things. On the contrary, its machinery is easily and almost universally worked or rigged by organized interests. Nationalism has come to be regarded as a vicious principle, which threatens to bring civilization down in ruins. Individualism is no longer a fashionable creed; the doctrine of *laissez faire* is all but universally regarded as a false doctrine; and in the economic sphere the conflict of the future, and indeed of the present, seems to lie between two forms of centralized control — on the one hand, control by gigantic and almost irresponsible combines, linked together by the power of finance, which is today everywhere dominant; and on the other hand, the control of all economic activities by the state, which is the ideal of Socialism. In

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this conflict there seems to be no place for Liberalism; the economic ideal commonly attributed to it seems to be even more out of tune with the age than its traditional governmental and international ideals.

It is true that in the nineteenth century Liberalism might fairly be described as aiming at the threefold goal of democratic government, national freedom, and economic individualism. But it is not true (as we shall presently see) that this was ever an adequate description of the Liberal outlook, and it is far less adequate today than it was in the past. Liberalism is a state of mind, not a rigid body of doctrine; and its immediate aims must always be determined by the circumstances of the time. Even in regard to the threefold aim already described, a vast deal remains to be done before democracy can be made effective, national freedom secure, or individual economic freedom really established.

Democratic government has been nominally established in almost every country; it is a reality in almost none. "Government by discussion and agreement" cannot be effectively carried on unless (a) all solid bodies of opinion in the country attempting this difficult experiment are effectively represented; unless (b) men of independent minds can take part in the discussion; and unless (c) the representative body in which the discussion takes place has some degree of real control over the processes of government. These conditions are not satisfied fully in any modern country, and they are negatived in those countries (such as Britain and America) which cling to the artificiality of a two-party system, and which make the choice of their representatives in single-member constituencies. Everywhere rigid party organization and party discipline inhibit free discussion, because they limit the electors to a choice between rival cut-and-dried "platforms," in the framing of which they have little or no voice; and this limitation is obviously most severe under a two-party system, which confines the elector to a choice between two programs and two caucuses, neither of which may command his assent. Party discipline, especially in single-member constituencies, denies any opportunity to men of independent minds, since only the loyal party man has a chance either of nomination or of election; for the electors do not vote for men, but for parties.

Most of the countries of continental Europe have attempted to qualify these defects of the representative system by schemes

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of "proportional representation," abolishing the evil of the single-member constituency; but the form of proportional representation which they have adopted tends to emphasize rather than to qualify the power of the party caucus. In Germany, for example, each party gets a member for every 60,000 votes given to it. But the members thus elected are taken from a party list, drawn up by the party caucus; and only a docile party man will be placed high enough upon the list to have a chance of election.

Even more serious than the stultification of the electoral system is the reduction of the representative body to impotence. This has been carried farthest in Britain, where the party in power is held to have the right of sending about its business, by means of a dissolution, a parliament which dares to exercise any independent jurisdiction in legislation, administration or finance. The British system of government is now, in the main, a system of dictatorship by the party that can secure a parliamentary majority (which seldom represents a real majority in the country); and, since the cabinet through which this dictatorship is exercised cannot possibly attend to a hundredth part of the business for which it has assumed responsibility, there has grown up, under its shadow, a very powerful bureaucracy, which is the operative factor in the modern British system. The main distinction between this system and the systems of Italy and Russia is that in these countries the dictatorship of a single party is made permanent by force, and by the suppression of criticism; whereas in Britain criticism is still free, and party dictatorship is qualified by periodical oscillations between violently opposed extremes. In some other European countries, where there are a number of parties representing various shades of opinion, no one party ever has a clear majority or can wield dictatorial power; and the politicians are therefore forced to aim at the greatest common measure of national agreement. This is an approximation to real democracy; and it works well enough, for example, in the Scandinavian countries.

It is clear that much remains to be done before democracy can be made real and efficient. The electoral system has to be recast, so as to ensure that every powerful body of opinion may receive adequate expression, and that every elector who takes his civic responsibilities seriously may feel that his vote counts. The dangerous dictatorship of the Cabinet has to be restrained, and the ultimate control of the representative body restored.

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The immense machinery of bureaucracy, which is essential in every modern state, has to be brought under efficient criticism and control. Unless these things can be done, the state must become the plaything of rival organized interests. The task of Liberalism in the creation of a system of government by discussion and agreement is still far from being accomplished.

Nationalism — the second of the ideals of nineteenth century Liberalism — has fallen into disfavor with progressive minds because its excesses have been the main cause of the world's troubles in the post-war era. But it remains true that the national type of state — the state whose limits are determined not by the accidents of conquest or inheritance but by the natural affinities of its people — has been the most fruitful of political inventions. It alone provides the cement that can hold together great aggregates of men in a common loyalty. It alone secures willing obedience to laws that are felt to be the common possession and the common safeguards of all. It alone makes possible the working of self-government, which has never been successful except in nationally unified states. It alone preserves the variety of type which gives vitality to our civilization. The national state has become the essential political unit of the modern world. But national freedom (as we have been learning during the last generation, and especially since the war) cannot be preserved except by international agreement and common regulation; like the freedom of individuals in the state, it can survive only under the shelter of law. Just as the freedom of the individual to live his own life in his own way depends upon the existence of a system of law, enforced by the common will, which can restrain the strong from abuse of their strength at the expense of their neighbors, so the freedom of nations depends upon the existence of a common body of international regulation enforced by a common will. Internationalism, therefore, is not the antithesis but the complement of nationalism; it is the opposite of cosmopolitanism, which dreams of the establishment of a single supreme world-state.

It follows from all this that the unlimited and irresponsible sovereignty which states have asserted during the last four centuries will have to be qualified by common regulation in certain spheres, if national freedom is to be made real; just as the freedom of action of individuals has to be restricted for the sake of the freedom of other individuals. It was but slowly that this conception came to be accepted. The first important state-

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ment of it by a practical statesman of eminence was that given by Gladstone in his remarkable analysis of the principles of foreign policy set forth in a speech at West Calder during his first Midlothian campaign. Since then, the necessity of common international regulation as a means to the security of national freedom, and the necessity of some limitation of state-sovereignty by agreement — first in the sphere of war and armaments, now also in the sphere of money and trade relationship — have become important elements in the Liberal policy; and in all countries it is among Liberals (whether they are grouped in organized Liberal parties or not) that the international movement finds its strongest support. The belief in national freedom, which is the second characteristic element in nineteenth century Liberalism, has by no means weakened, but has changed its form: today its aim is to bring the freedom and security of all nations, small as well as great, under the protection of law by the creation of an organized international system. We are only at the beginning of the campaign for the securing of the Liberal aim in this sphere, and a difficult course has to be steered between the narrow and short-sighted nationalism which refuses to submit to any limitation of national sovereignty, and the cosmopolitanism which in its impatience of the evils brought by this unbridled nationalism refuses to be content with anything short of a sovereign world-state or super-state. Clearly, in this sphere, the work of Liberalism is by no means yet accomplished.

The economic individualism which is generally supposed to have been characteristic of nineteenth-century Liberalism may well seem to be now beyond recall. But this is only because its meaning has been distorted. In Britain, at all events, the identification of Liberalism with the Manchester school was never sound, except in regard to free trade. The Manchester Radicals were always a small minority of the British Liberal Party even in the days of Cobden and Bright. Gladstone once said, quite truly, that Liberalism had never been identified with the policy of *laissez faire*, which Asquith once defined as "administrative nihilism." Gladstone himself was the first to propose the nationalization of the railways, and his Irish Land Acts were (for that time) an extraordinarily bold interference with the "rights of property." It was Asquith's ministry which introduced old age pensions, and unemployment and health insurance, as parts of a very bold scheme of social reform whereby the power of the

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community was brought to the aid of the distressed. In truth, almost the whole of the vast code of social legislation which was enacted during the nineteenth and early twentieth centuries — including education acts, public health acts, factory acts, companies acts, wage regulation acts — together with the creation of the immense bureaucratic machine which was necessary to administer them, were due to Liberal policy. It is therefore not merely misleading, but historically untrue, to contend that — at any rate in Britain — Liberalism has ever been identified with the barren and negative creed of *laissez faire*, save in regard to the movement of international trade.

But this is not to say that Liberalism is not an individualist creed. It is fundamentally individualist, in the sense that it believes the state to exist for the service of the individual, not the individual for the service of the state; and that the object of public policy ought to be, not the regimentation, but the emancipation, of individuality. It believes that all human progress springs from individual initiative, and that the aim of state action should be to create the positive conditions within which everyone will be able to make the most and the best of himself in his own way. For this end it is willing to make vigorous use of the power of the community, and often finds itself (from a different angle) supporting the same measures as the Socialist. But its object — and here comes the main difference between the Liberal and the Socialist — is not to reconstruct human society in accordance with the preconceived plans of a particular school of thought; its object is to emancipate human personality, and leave it free to work out its own destiny. It conceives of the function of the statesman as being like that of the gardener, who can ensure that the plants under his care get the light, air, water and soil that they need, but cannot alter their essential nature; whereas the Socialist conceives of the function of a statesman as being like that of an architect, who demolishes an old and inconvenient building and erects in its place a new one designed by himself, using as his material dead, uniform bricks. Living human souls cannot thus be used. The Liberal cherishes variety, and distrusts uniformity; his misgivings as to the trend of modern legislation spring largely from the conviction that its whole pressure is in the direction of a mechanical uniformity, and a discouragement, among the mass of men, of initiative and self-reliance.

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Nevertheless, the task of emancipation demands a high degree of interference, by way of regulation, with the processes of industry and trade. It cannot be done by the methods of *laissez faire*. And the need for regulation increases as economic society becomes more complex. This is not a restriction, but an insurance, of liberty; just as the policeman regulating the traffic at the crossways makes the roads both freer and safer for the traveller. We are only in the early stages of the long process of piecemeal adjustment which must take place if the industrialized world is to be humane and civilized, giving to all its inhabitants a real chance of making the best of themselves; and the spirit of Liberalism is an indispensable contributor to this process.

II

The three main aims discussed above, even with the more generous interpretation we have put upon them, cannot be regarded as an adequate expression of Liberalism, which is a way of looking at things rather than a dogmatic creed. The British Liberals have recognized this in a declaration which they recently adopted in their annual representative assembly. Since we are asking ourselves what are the prospects of Liberalism in the new era into which we have passed, it may be worth while to quote a part of this document:

> The word "Liberal" means "generous;" and Liberalism is generosity of mind — a readiness to respect and to uphold the rights of others, whoever they may be, and wherever they may live. Its essence is a love of liberty and a hatred of arbitrary power. It believes in the right of all individuals, and of all natural and spontaneous groups, such as nations, churches, or trade unions, to pursue their own ideals in their own way, subject to such common regulations as may be necessary to secure the same rights for others. Common regulation becomes more necessary as our mutual dependence increases, and is as essential for nations as for individuals. It is the only safeguard for liberty against arbitrary power — against the brute power of arms, the power of wealth, the power of monopoly, the power of numbers, the power of elaborate organization.
>
> Liberalism believes that self-reliant individual energy is the source of all progress; and its aim is to create the positive conditions which will enable every man and woman to make the most and the best of their own powers. This aim is equally incompatible with a policy which aims at the rigid regimentation of human activities under the control of the state, and with a policy dictated by deference to vested interests, to wealth, and to established privilege.
>
> Liberalism hates war, whether between nations or between classes: meaning by war not merely the clash of open conflict but that dormant state of war in which nations or classes watch one another with jealous suspicion. It loves peace and ensues it: meaning by peace not the mere absence of open conflict,

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but the settled habit of solving differences either by friendly discussion and agreement, or by reference to some impartial tribunal.

Liberalism regards trade not as a form of conflict between nations, but as a means of conferring mutual benefits. It believes that an unimagined material prosperity would come to the world if the products of all nations were freely interchangeable. Even in the absence of such free interchange, it believes that any nation which will give to its people unrestricted access to all that the world produces will do best for its own people, and for the world at large.

The attitude of mind which is here roughly described — the conviction that the well-being of each depends upon the well-being of all, and the readiness, which must spring from this conviction, to base policy upon the principle of doing as one would be done by — is surely the attitude of mind which is necessary for the solution of the problems of our time, and which can alone make tolerable that interdependence of the whole world which is the dominant fact of our time. War, and the rancors which spring from war, are necessarily destructive of this spirit; and for that reason Liberalism has always been under a cloud during wars and the periods of painful adjustment which follow them. But it is only by some infusion of this spirit that the evil effects of wars can be overcome. And, indeed, there is some justification for the view that the great periods of Liberal advance have most often derived their impetus from the reaction against the venomous spirit of international embitterment and class-conflict which great wars almost inevitably breed.

This is very clearly exhibited in the history of Britain during the last century. After the Napoleonic Wars, British Liberalism was at the lowest ebb, and the country was suffering dire distress. Fifteen years later, the first Liberal ministry was formed, and a remarkable era of constructive legislation began, which laid the foundations of Victorian prosperity. After the Crimean War, once again, the Liberal forces were disorganized, and there was serious social unrest, with Fenian outrages in Ireland and Trade Union tyrannies in Sheffield and elsewhere. In 1868 came the second Liberal revival, and the second great period of constructive reform. The South African War brought a third period of reaction, social distress, and Liberal weakness. It was followed in 1906 by a great Liberal triumph, and by the third and most remarkable period of constructive legislation, which was interrupted by the Great War.

Is this sequence of ebb and flow likely to be repeated in the period following the Great War? The ebb has duly taken place:

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the lowest ebb that British Liberalism has ever known. Are there any signs that it will be succeeded by a flood-tide? There are as yet few signs of a revival of the Liberal *Party* in Britain. But there are many signs that the spirit of Liberalism is winning its way, in spite of the violent "nationalist" reaction of the autumn of 1931. The conversion of the whole nation to the view that German reparations ought to be cancelled, and the conversion of almost the whole nation (outside Government circles) to the view that a drastic reduction of armaments ought immediately to be made, are signs of this influence. The growing misgivings of the Protectionists as to the efficacy of their exclusive and nationalist devices are another sign. Into the speeches of Tory leaders, notably Mr. Baldwin, a Liberal note is gradually creeping.

But perhaps Liberalism may win its way without the aid of an organized Liberal Party? Perhaps its sanative influence may even be more effective if it is not associated with the machinery and the sometimes sordid tactics of a party organization, which must always be striving after power, and not always very scrupulous as to the means by which power is to be attained? A young American attending one of the British Liberal Schools once said that he had come to see whether Liberalism could exist within a Liberal party. His observation was a shrewd one. He felt the truth of the old saying that while an ideal may create an institution, the institution is very apt to stifle the ideal. Churches have gone far to stifle the spirit of Christianity; and it is equally true that the grinding of a party machine, and the temptations of personal interest and ambition which beset party leaders, have often sterilized the ideal which called the party into being. This is preeminently true of the British Liberal Party, which has been compelled, time and again, to shed its leaders in order to keep its soul alive.

But while it is clear that the Liberal spirit may to some extent permeate the other parties, no political creed can exercise any effective influence upon the course of events unless those who share it organize themselves for coöperation, just as no religious creed can make much progress unless it is embodied in a church, even at the risk of ossification. Is there any chance that the British Liberal Party can at this date recover its strength sufficiently to be the medium through which the Liberal spirit can exercise its due influence? The question cannot be answered without a careful analysis of the political situation in Britain today.

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III

The financial crisis in the autumn of 1931 brought about a profound upheaval in British politics, and is likely to lead to a great change in the alignment of political forces.

In the first place, it very deeply discredited the Labor Party, whose power had grown so rapidly since the war and which had drawn away a large proportion of the support that used to be given to the Liberal Party. In the two and a half years 1929–1931 it had achieved nothing at all, except a thoroughly vicious coal bill and an ill-considered addition to the scale of relief for unemployment. It had disappointed its own supporters by its total incapacity to understand or to grapple with the economic evils from which the country was suffering. The utter barrenness of the Labor Government was not due to the fact that it had no parliamentary majority: for any vigorous and intelligent policy it could have counted upon the Liberal Party, which incessantly urged it to greater boldness. Its weakness was in fact mainly due to its own inherent defects: to the low intellectual quality of its leaders, to its subservience to the dictation of the Trade Unions (which was in its turn the reason why men of first-rate power could not rise to leadership in the party), and to the rigidity of the Socialist formula which it had adopted. The majority of the party's adherents were not really Socialists at all: the most powerful among them were merely Trade Unionists who wanted to extend their own power, while the salt of the party consisted of impatient radicals (in the English sense of the word[1]), who had left the Liberal Party because of its impotence. The small group of bewildered Socialists who really believed in their impracticable creed were merely a source of weakness, because their incessant angry complaints of the futility of the party made its supporters unhappy.

When the financial crisis suddenly became urgent in July 1931, the ineffectual leaders of this bewildered party lost their heads. They did not know what to do. They had no clear ideas at all. They knew that drastic economies must be made to balance the budget; but they would not consent to reduce the payment for unemployment, fearing the electoral unpopularity of this proposal. Finally, the majority of the Cabinet ran away from their re-

[1] A radical in England means one who wants to get to the roots of things; in America the word seems to mean one who wants to pull things up by the roots.

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sponsibility, hoping perhaps to derive electoral advantage from the unpopularity of the cuts in wages and "doles;" and the National Government was formed, with the support of the whole of the Conservative and Liberal Parties, and a remnant of the Labor Party, including its best-known and most experienced leaders.

The Conservatives, who formed the great majority of the supporters of the new government, saw in this situation an extraordinary chance of imposing upon the nation their favorite nostrum of protection, and at once began to clamor for an immediate election — a clamor which certainly, at the moment, intensified the financial difficulty by the uncertainty which it created, and helped to drive the country off the gold standard. They calculated that protection would be carried by a side wind, under cover of an appeal for national unity; and they believed that a large part of the nation could be persuaded that the difficulties of the time were due to free trade, though the greatest protectionist countries were involved in even greater difficulties, and that tariffs, which are the main cause of the world's troubles, would provide a certain cure for them. These calculations were fully borne out by the event. Supported by the eagerness of the Labor Ministers to destroy their recent colleagues, they got their way; the election of 1931 was precipitated, and the "National" Government returned with the support of a vast majority so overwhelmingly Conservative and protectionist that thenceforward it became a "Nationalist" Government.

In the election campaign every effort was made to convince the electors that the whole crisis was due to the misgovernment of the Labor Party; and the bulk of the electors, who never look beneath the surface, and who were carried away by a flood of panic and patriotism, readily accepted this view. It was, of course, wholly absurd and unjust. The crisis was due in part to the state of world trade, and in part to the dangerous facility with which British financiers had advanced money to Central Europe. In so far as improvident government finance had contributed to unbalance the budget, a far larger share of responsibility belonged to the Conservative administration of 1924–29 than to the puerile Labor administration of 1929–31. But no government *caused* the crisis: at the most the Labor Government should be blamed for having failed to see that it was steadily maturing during the years 1929–31, and for the ineptitude with which they

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faced it when it came. Other gross misrepresentations disfigured the campaign; and the result was, that (as a parliamentary force) the Labor Party was almost annihilated, losing all but one of its known leaders, and being reduced to a handful of 50 in a house of 615 members. This result (as is usual in British elections) was out of all proportion to the number of votes cast: over 7,000,000 votes were still given for the Labor Party, a total which included many Liberals and others who feared the results of an overwhelming Conservative victory. The Labor Party paid the penalty of their refusal to accede to the Liberal demand for proportional representation, which would have given them at least 200 seats and secured the presence in Parliament of all their principal leaders. Thus the Labor Party suffered a terrible débâcle, from which it will not easily recover. For a large proportion even of those who remained loyal at the polls were bitterly disillusioned, and voted as they did rather through fear and hatred of a Tory reaction than through confidence in a discredited cause.

The Liberal Party suffered in this election even more seriously than the Labor Party. It is true that on paper they obtained 72 members, and thus outnumbered the Labor Party for the first time since the war. But this result did not represent the real facts. Half of the total were men who had committed themselves to the whole Conservative program and forsworn the principles of their lives in order to be sure of their seats; and most of the remainder held their seats only by arrangement with the Conservatives. In truth, the Liberal Party entered this contest with greater disabilities than any other election in its history. Already broken by the dissensions of its leaders during the preceding decade, and with difficulty reunited, it had now split into three distinct sections. Sir John Simon and Mr. Runciman, with a substantial group of other Liberal members, pledged themselves to support tariffs, or whatever other proposals the government might put forward. They called themselves Liberal Nationals. Another group, headed by Sir Herbert Samuel and Lord Grey, promised support to the government, but proclaimed their continued adhesion to free trade. A third group, with scarcely any parliamentary support, but headed by Mr. Lloyd George, denounced the election as a Conservative plot, and entered into open opposition to the government. As if these divisions were not in themselves a sufficient handicap, the party exchequer was completely empty, so that scores of candidates, many of whom had nursed

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their constituencies for years, had to be withdrawn. The surprising thing is that any Liberal Party survives at all. Yet in every part of the country there are thousands of devoted Liberals, who are today more enthusiastic than ever in their belief that Liberalism is the only hope of the world.

But the threefold division of the party, created by the establishment of the National Government and the introduction of protection, still continues. And, since the squabbling of Liberal leaders has been the main cause of the disintegration of the party since the war and the main reason why the average voter refuses to take it seriously, this new division is a very grave handicap to the harassed party.

The Simonites have no following at all among the active Liberals in the country. They are, in truth, indistinguishable from Conservatives. They are striving to organize themselves as a separate party; but they can get no Liberal support of any importance, and they will get none but Conservative votes when the next election comes. Yet the fact that they call themselves Liberals, and that their speeches have to be answered by Liberals, is a source of weakness.

The free trade Liberals, who include the great majority of the party throughout the country, have hitherto been divided. A minority of them, in almost every constituency, regarded the election of 1931 as a Conservative stratagem, and (having, in most cases, no chance of voting for a Liberal candidate) gave their votes to the Labor Party. This element had been represented in Parliament only by Mr. Lloyd George and his family, who have from the first declared open opposition to the National Government. But the great majority of Liberals, headed by their official organizations, trusted to the assurances of the Prime Minister and Mr. Baldwin, and gave their support to the National Government; their votes helped to swell the enormous Conservative majority. They are represented by about thirty-five members in Parliament; and their leader, Sir Herbert Samuel, with a group of other ministers, held government positions during its first year.

The position of these Liberals became extraordinarily difficult when the Conservative majority insisted upon a protectionist policy. At first they made compromises; but these were resented by their followers in the country, who were beginning to feel that they had been tricked. When the full protectionist scheme

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was introduced at the beginning of 1932, the free trade Ministers resigned. In order to preserve the façade of a "National" Government, their colleagues urged them to remain under an anomalous "agreement to differ;" and as the primary purpose for which the National Government had been formed — the restoration of financial stability — had not yet been attained, they accepted this arrangement. But their hands were tied: they could not carry on the struggle against protection with full vigor. Moreover, they became jointly responsible for the half-hearted, timorous and wavering foreign policy which the government was pursuing and for the very ineffectual part which it played in the Disarmament Conference. The great body of Liberals in the country, be it remembered, were even more enthusiastic in their zeal for disarmament than in their belief in free trade. As a result, the attitude of Liberals towards the National Government changed during 1932 with great rapidity, first from support to dubiety, then from dubiety to criticism, then from criticism to vehement opposition. When the annual meeting of the party was held in April, it declared with unanimity its complete independence of the government and its freedom from any obligation to support it, and only with difficulty was it restrained from denouncing the Liberal ministers, and persuaded to recognize that the latter must themselves decide how far their support of the government should go.

If the Liberal ministers had remained much longer in the government, nothing is more certain than that they, and the members of Parliament who supported them, would have been repudiated by the party as a whole; and the party would either have been finally shattered, or would have made a fresh start under a new name. The Ottawa agreements averted this danger. The Liberal Ministers found it impossible to support those agreements, which they thought to be in many respects fundamentally vicious, especially in that they created new and dangerous obstacles to the freeing of the channels of world trade. On September 28 they, and Lord Snowden, resigned from the Government; and a new stage in the history of the British Liberal Party began.

Is it likely to undergo a great revival? Can it make itself the rallying point for all the Liberal forces in Britain, which while still very strong, and daily growing in strength, have been unwilling hitherto to identify themselves with a party whose leaders

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spoke with discordant voices? Can it present itself as an effective alternative to the present régime, in place of the discredited Labor Party? The future of British politics depends upon the answers which time will give to these questions.

IV

The reaction against the present nationalist and conservative régime has already begun. The by-elections show immense decreases in the government vote, though as yet there are no equivalent increases in the opposition votes, because no practicable alternative has yet become visible. The reaction is likely to be very violent: first, because immense expectations have been created, which cannot be fulfilled; secondly, because the huge Conservative majority was created in a moment of panic, and is in any case out of all proportion to the number of votes cast for it, and still more out of proportion to the real balance of opinion in the country.

Three things will add to the violence of the reaction. The first is the inevitable rise of prices, and especially of foodstuffs, which the new tariff system must cause. As yet this has been masked by the continued fall of world prices; but when world prices begin to rise, all the blame is likely to be laid upon the tariffs, especially in a time of acute distress.

The second is the increase of unemployment. The unemployment figures fell simultaneously during the first six months of the National Government, as the result of the departure from the gold standard. But since the tariffs were imposed, unemployment has very rapidly increased, and the figures are now higher than they have ever been. They are being further increased by a restrictive policy of fierce economy, which is closing down almost all public works at a time when capital can find no outlet. A dismal winter lies ahead of us; and already there are evidences of the violent feelings that prevail among the armies of the unemployed.

A third fomenter of reaction will be the imperial policy of the present government. If it is found (as it will be) that the new burdens imposed upon the mass of the British people at the behest of the Dominions are altogether out of proportion to any advantages to British trade which the Dominions concede; if it is found that these agreements stand in the way of agreements for freer trade with foreign countries; and if it is realized that the

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British Parliament has been deprived of freedom to reduce some of its own taxes without the consent of the Dominions; then, the protest is likely to be so violent as even to endanger the unity of the Empire.

Finally, reaction will be intensified unless the Government shows far more courage in the pursuit of peace and disarmament than it has hitherto done. The peace movement in Britain is immensely strong. It is being realized that Britain, even more than other countries, can never again hope for safety except under the protection of a collective system of peace, and that we ought to advocate and be ready to accept the maximum degree of disarmament for which agreement can be obtained. If the Disarmament Conference fails, the failure will certainly intensify the reaction against the present régime.

It is possible (though not, in this country, likely) that the reaction may be so violent as to assume a revolutionary character: a continuance of the present merely restrictive system might easily lead to such a result. In that event, the Labor Party would return to power, in a much more revolutionary temper than it has hitherto displayed. The safeguard against this possibility would be an effective rehabilitation of the Liberal Party.

But if this is to happen, the Liberal Party would not stand merely for the academic doctrine of free trade and for nothing else. It must, of course, uphold the view that when the channels of trade are clogged, so that the world's abundance cannot reach those who need it, what is called for is the emancipation of trade, not its further restriction. But its fiscal doctrine must be only an aspect of its teaching as to the relation of Britain to the rest of the interdependent world. The new Liberal Party must have, above all, an international outlook: it must base its whole policy upon the recognition and acceptance of the fact that no country can ever again hope to obtain either prosperity or security at the expense of its neighbors, or by its own efforts alone, but only by international coöperation. It must be quite unwavering in its loyalty to the collective system. It must make it clear to the whole world, beyond the possibility of question, that it is prepared to advocate and to accept the maximum degree of disarmament for which agreement can be obtained, and to give up battleships, tanks, submarines, aeroplanes and other weapons entirely, if other countries will do the same. It must be ready to advocate an international regulation of the world's monetary system, and the

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complete maintenance of the open door in all the dependent territories which Britain controls. And it must have a clear-sighted and courageous policy for dealing with domestic problems, sharply in contrast with the policy of mere negations and restriction which is all that the present régime can propose.

The British people have shown a marvelous capacity for sacrifice; rightly led, they have an equal capacity for constructive effort, and they are thirsting for sound leadership. If the new Liberal Party is to be worthy of its opportunity, it must be ready to show what can be done, and what ought to be done, to increase the country's efficiency in all spheres, to remove its crying evils, and to fit it to play its part as a member and a leader of the interdependent world. The cry of the day is for economy, a cause with which Liberalism has always been identified; but economy does not merely mean abstention from spending; it means the wise use of resources. The war against waste must be merciless. But the worst and the cruelest waste is the waste of manhood which results from a policy of mere negation and restriction; and even wealth runs to waste when, by the inhibition of effort on the plea of economy, capital is left without adequate outlets. The fact that the British Government can obtain huge sums at 2 per-cent is not merely a proof that its credit is good; it is a proof that a restrictive policy is depriving capital of possible fruitful outlets.

If the British Liberal Party can forget its dissensions, if it can produce leaders of real courage and ability, and if it can lay before a disheartened and bewildered people a plan of action which is inspired by sound thinking and clear knowledge, and which can help to dissipate the miasma of listless depression that overhangs the world — then, indeed, in face of the bankruptcy of mere nationalism and restriction, it has before it a very wonderful opportunity of helping Britain to save herself by her own efforts and to save the world by her example. But leadership of superlative power, imagination and magnanimity is demanded. Will it be forthcoming?

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THE NEW INTERNATIONAL CIVIL SERVICE

By E. J. Phelan

IN ENGLAND the civil servant is usually the silent servant. He is rarely heard of except when for election purposes the public is assured that he costs too much. The public is then reminded of the time-honored riddle as to why they (the civil servants) resemble the fountains in Trafalgar Square, and the answer "because they play from ten to four" is generally accepted as both witty and convincing. The public forgets the equally amusing discovery of an intelligent observer that the British Empire was really governed by a clerk in a back room in the Colonial Office. The truth is between the two, but probably much nearer the latter than the former.

Government is not a state of affairs, it is action, and action means that things are done. Without a civil service, government would be paralyzed. The civil service is not a luxury but a necessity. Without it government could not function and civilization would stop. The function of the civil service has, however, undergone a change, a change which is inevitable because the whole conception and functions of government have changed. It used to be the proud boast of the civil servant that he decided nothing, he only executed orders. For that reason he could never be attacked. The responsibility was the responsibility of his political chief alone. That is still the theory; but the civil service, like every other organization, has had to adapt itself to new circumstances, and the theory is no longer rigidly true.

The responsibility of the civil service has altered because the functions of government have altered. Government is no longer something other than the people who are governed. It has become simply an aspect of their activity. Authority circulates in the body politic like blood in the individual. The stoppage of that circulation means death. Authority flows up to the political leaders from the mass: it feeds back through the organs of the civil service. Taxes must be collected, the expenditure of state money must be supervised, armies and navies have to be maintained, justice must be administered, laws must be enforced, the citizen's rights must be protected, and so on down to the detail of the registration of a patent, the inspection of a factory, the

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inquiry into a railway accident and so on. The people will cease to provide authority to the top if it is not returned in these and a thousand other ways. And the only channel by which such a return is possible is through an organization whose business it is to see that all these things are done.

Thus the civil service is an essential part of the body politic. If it functions badly the body politic is ill and the illness may be as dangerous as illness anywhere else in the system.

But in the case of the body politic the problem is complicated because the structure of that body is subject to alteration. The evolution of man is the affair of millions of years; the evolution of the state is the affair merely of generations. A study of one function of the state in isolation may therefore be misleading to a dangerous degree. The problem suggests the difference between the old Flemish painters and Whistler. The Flemish painters worked at each detail till it was perfect; a picture was the sum of a hundred small pictures all fitting into the original design. Whistler could only get his effects by painting so rapidly that his picture was spoiled if at any time any part of it dried while he was working on another part. He had to cover his whole surface at once so that the colors would run together, so that there would be none of those lines which he asserted nature did not contain. In the picture of the state, if we would see it as it is and not as a theoretical abstraction, all the colors are wet; we cannot dry out a part of it and examine it at leisure; if we do, the result is a dead patch which no longer fits into the whole.

To see the function of the civil service in the state, therefore, we have to see the state like a Whistler picture in the process of being painted. We must try to see it over a period of time and not just one part of it at a particular time. At the beginning the king is the fountain of authority: the early civil service has only to execute the king's will. Then the growth of democratic power begins to define a flow of authority upwards: a corresponding specialization must result in the downward flow, the channels must be multiplied and distinguished. The character of legislation becomes positive: things have to be done for the people rather than things forbidden to them or exacted from them. Not only have taxes to be paid or crimes forbidden, but sickness has to be cared for, accidents compensated, old age pensioned, children protected, the unemployed supported, and so on. The action of the civil service has now to be different: it has to be

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constructive and it has to be interpretative. A sickness insurance act bringing into insurance ten million workers cannot do more than lay down general principles. It is for the civil service to adapt those principles to ten million individual cases. The line between legislation and administration becomes of necessity more vague. The old strict distinction between law and administration, like Whistler's line, does not exist.

Let us look at the process of legislation a little more closely. In the earliest days the king legislated in the full sense of the word: he listened to petitions to legislate and decided whether he would or would not accede to them, and if he did, decided what the content of the legislation should be. Then an elementary democracy gained the right to suggest to him subjects for legislation, but he alone determined its substance and extent. Then a more advanced democracy suggested both the matter and the terms of the legislation, the king retaining the right to amend. Next, all suggestions had to be accepted or rejected *in toto*. And lastly the exercise of the veto became practically obsolete and the king's *placet* became a formality never refused to legislation which had obtained a parliamentary majority.

But there is now in process a still further evolution. What happened to the King of England is happening to the Houses of Parliament. As regards an increasing number of bills, the Houses of Parliament can do no more than decide either to accept or to reject them. For example, if a bill deals with one of the innumerable technical aspects of modern industrial civilization it has probably been a matter of agreement outside of Parliament with the organized interests concerned. To accept an amendment in the House is to destroy the value of such agreements, to legislate against the considered view of the industry or interest concerned, and hence, if it be a technical matter, to obtain legislation which will be either useless because irrelevant, or impossible or difficult to enforce without friction and expense. In legislation of this kind the Houses of Parliament possess in fact no more than a veto. The real legislative power has passed to the interests concerned, in consultation with the minister and the civil servants. The latter have the power of suggestion and persuasion, the former the power of decision, and Parliament the power of veto. It is a change which, if little perceived, is none the less fundamental.

The change in the rôle of the civil servant is clear. He is no

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longer a mere tool. He has not only to interpret legislation in order to apply it to individual cases, but he has to play a considerable rôle in its elaboration.

II

In the international field there has been a similar evolution; the technician has replaced in certain fields the diplomat, first as a pure technician, secondly as a negotiator. The difference between the national and the international development is that the national civil servant has been able to adapt himself to his new tasks. When specialization was required, the civil service itself developed the specialization which was necessary. In the international field, on the other hand, the diplomat has remained aloof and the specialists have come into his domain from outside.

The fundamental importance which public administration has assumed in national life suggests how great may be the significance of the creation of a permanent international administration. Does it in fact possess, or will it develop, the same influence as that which modern national administrations exercise over the decisions of the institutions which they serve?

At this point we must make an important distinction. A national civil service is the mechanism by which laws are administered. The law which the civil servant administers is the law of his own state, and beyond that field he cannot go. But the international civil servant has no law to administer. Like the national civil servant, he must act within a constitution — for example, the Covenant of the League. But the Covenant of the League is not a constitution in the ordinary sense and it does not set up bodies which make law, but bodies which negotiate treaties. The international civil servant has therefore to deal with a body of treaties and not with a body of law. He does not even deal with the general body of international law, though part of it may be embodied in treaties and thus come within his sphere, and though he may find in its principles useful guidance. The fact that he is administering treaties and not law determines many conditions of his work which are different from those of the national civil servant. The national civil servant is working inside a system of which he is part and parcel. The international civil servant is working outside all national systems. The one is administering a single body of law, a coherent expression of a single community; the other is administering treaties, some of

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which may lay down general rules but many of which represent a series of contracts between very diverse communities.

Law is a very definite thing. But even where treaties lay down general rules there is by no means general agreement as to their legislative character, and when they are (or are regarded as) contracts their interpretation depends in large measure on the parties to them. If the parties agree, they can decide that a treaty means something other than what it appears to say. An identical clause in two treaties between two different sets of parties may be thus interpreted in two absolutely contradictory directions. If it is convenient for one set of parties to interpret it one way, no desire for uniformity will weigh against such an application.

Thus the international civil servant has a very different foundation for his work than the national civil servant. The latter has something firm and definite beneath his feet: the former may be building on sand or even on quicksand.

There is another important difference between the two services. The state is a highly developed organism. The League is a very embryonic organism. When national chiefs have decided towards what destination to navigate the ship of state, the captain and the crew are well equipped for the voyage, having had a long experience of navigation and seamanship. But the League is not a ship. It is a miscellaneous collection of craft attempting to sail in a convoy, uncertain of its destination, setting out on an uncharted sea. Each ship has its own navigators. They have this in common, that they dislike sailing in convoy. Each would prefer more sea room. "Every state for itself and God for us all," as Canning had it. But in convoy the quicker must wait for the slower; they may run into one another in the dark, or in the fog (which is frequent), or they may find when the fog rises that they have gone off in opposite directions — perhaps with the best intentions, perhaps in the hope that this new and troublesome convoy system may become so troublesome as to be abandoned. And somewhere in the middle is the convoy staff, afloat on a primitive raft. It is not allowed to have a ship. The states keep a jealous monopoly of ships and the convoy staff must not be allowed to think that it is on a footing of equality. If it had a ship it might hoist an admiral's flag — and then, where would be the freedom of the seas! The convoy staff pleads and persuades. The course is a zigzag. It is more important to keep the fleet together than to make progress with a part of it.

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There is another fundamental difference between national and international administration. The national civil servant has a definite political head who is responsible for anything that is done. His authority is supreme, his responsibility correspondingly complete. Thus the civil servant has some minister to whom he can always turn for a decision, someone who will accept all the opprobrium which may be forthcoming if that decision is unpopular. But internationally there is no minister. In the League there is of course the Council and in the Labor Organization the governing body. But they are not there all the time. In the intervals between sessions the heads of the respective administrations have no one to whom they can turn. It is true that they can, and do, hold up important decisions till the next meeting. But there are limits to the degree to which this expedient can be applied. Moreover, a political headship which is a committee and not an individual can clearly deal with fewer questions. When every question has to be the matter of discussion and agreement the number of questions which can be dealt with must be comparatively small. There is therefore a special responsibility on the head of an international service even if it is only the choice between the questions held over and the questions which he decides shall be dealt with without delay. He can of course slow the whole administration down to the pace of his Council, but fortunately this is more true in theory than in fact. When the Council itself gives a decision requiring action, it is not likely to be content if no action is taken because some point arises, not regarding the decision itself but regarding its application.

Thus generally we may say that the international administration has to exercise a special judgment and responsibility in circumstances in which a national administration would turn to its minister. The head of an international administration has therefore to take decisions which in a national administration would be called political.

But there is a much more important consequence of the absence of an individual political head. If the administration takes a decision in the circumstances outlined above, and it gives rise to an incident or to criticism, who is to defend it? Clearly it can only be the administrator himself. He must be prepared to justify his action not to an individual but to a committee, and thus he is led inevitably to take part in Council discussions, and must

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do what a minister does in a parliament, attempt to secure a sufficient majority, if not unanimity, in favor of his action. And if he fails to secure sufficient support he would no doubt have to resign, although there is no constitutional provision to that effect.

But there is yet a third feature of the problem. What is to be done when a decision not of the official but of the Council itself is attacked outside — attacked, that is, in the press or in one of the national parliaments? In the majority of cases the Council cannot defend itself. To begin with, it may not be in session, or it may have become divided. The position is a curious one, because while there may be an opposition there is no government. Is the minority alone to put its case before public opinion? Is there to be nobody to defend the solution adopted by the majority, the solution which the civil servant has to apply? The question is a very difficult one, but it must be solved. If the valid decisions taken by a majority in an international body are to be attacked, and if there is no defense of them, the cumulative moral effect might be such as to destroy all public confidence in the international institution concerned.

The answer is, of course, that the defense can only be made by the civil servant, and that is what actually happens. But when the international civil servant is thus called on to explain the real significance of a decision which he is responsible for executing, he runs the risk of being accused of a lack of impartiality. It may be asserted that he is taking sides, entering into controversy, or making that dreadful thing called propaganda. And in a certain sense he is. He has to develop a new and very difficult technique so that he shall not overstep limits which, although they cannot be defined, are none the less real and dangerous. This necessity has moreover a further consequence. It is clear that if the civil servant has to envisage the possibility of having to defend such decisions, he will tend to give them not only a technical but a political preparation. He will weigh not only the strictly administrative elements but also the political elements. Thus not only when a decision is challenged or criticized, but throughout the whole function of administration, the political element will enter in because each decision will in greater or less degree be the subject of political appreciation, and perhaps preparation, by the international civil servant.

This would be a rather startling and perhaps a disturbing fact in international administration were it not that something not

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very different is happening in national administration. In the administration of laws which affect interests, laws which have been really made in agreement with such interests and which are dependent on the collaboration of such interests for effectual application, the civil servant in taking such decisions as are within his discretion will naturally weigh the extent to which they will meet with approval or protest. In all this he is performing a function not very different from that performed by the international civil servant. It is not, therefore, that the thing is different. It is that in the case of the international civil servant the substitution of a committee for an individual as a political head makes such decisions more wide-reaching and more frequent. And in his case they are accompanied by special risks. The national civil servant has always his minister to consult. If he does not cover his responsibility the fault is his own. The international civil servant has no minister, he has either a committee, or what is worse, a majority and a minority. And the minority may accuse him of propaganda contrary to its interests. Impartiality was a characteristic of which the civil servant was proud. But we must not exaggerate its importance. It is clear that in the new circumstances it cannot be pushed so far as to mean paralysis.

The more fundamental thing is confidence. Impartiality in the sense of silence in face of attack, or complete disinterestedness as to the fate of a decision, is no longer possible if administration itself is to go on. What has to grow up by experience is a different quality. To do nothing is easy. To defend the decisions of a majority and yet not to injure the rights of a minority, or even their prospects of reversing a decision distasteful to them, is a task demanding the highest qualities of judgment, discretion and courage. It is the task which the international civil servant has to face. There can be no rules for his guidance. Only experience will develop a keen sense of what should and should not be done. That the task is not impossible may be seen from the success with which it has already been accomplished. There was never a task performed by the old diplomats which demanded such delicate handling. The change from diplomacy to administration will not mean that the highest qualities displayed in the former will not be required in the latter. On the contrary, they are necessary in even greater degree, and others in addition.

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THE UNKNOWN FRONTIER OF MANCHURIA

By Owen Lattimore

PERHAPS the most obscure of all the questions raised by the Japanese policy of drastic intervention in Manchuria is the problem of Mongolia; or rather the problem of the several Mongolias. It is true that Manchuria is a great enough problem in itself, affecting the destinies of China, Russia and Japan; yet Manchuria is no more than the eastern abutment and ocean gateway of the far greater region of Mongolia. The struggle in Manchuria has been associated so exclusively with problems of ocean ports and railways that not nearly enough attention has been paid to the great continental background lying west of the immediate area of conflict. Yet no conflict in Manchuria can be anything but a prelude to struggle in Mongolia, nor can any settlement of the "Manchurian problem" be effective unless it is based on an understanding of the geographical facts of Mongolia and the political developments and racial movements going on in that dark hinterland. Manchuria is the vital flank; but Mongolia is the main line of the frontier between Continental Asia and Continental Russia, and the Mongols, long regarded as a helpless and decayed race, are likely to emerge once more as an active force in the history of the world.

There are, in effect, three Mongolias—Outer Mongolia, Inner Mongolia and Manchurian Mongolia. In the middle of the seventeenth century, when the Manchus were on the eve of the conquest of China, the Mongols occupied between one-fourth and one-third of the area of modern Manchuria; their occupation extended to within a hundred miles of Mukden, and played a decisive part (for which in ordinary historical accounts they have never been given proper credit) in the Manchu conquest of China. It is only within the last thirty years that a great part of this Mongol-inhabited Manchurian territory has been expropriated and settled by Chinese colonists.

While this displacement of Mongols by Chinese is complete and probably permanent, the very success of the Chinese has created a "Mongol question." This question has been considered important enough in the recently established state of "Manchukuo" to justify the creation of a separate Mongol province, the Province

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of Hsingan, under a Mongol governor (see map below). Based on the Hsingan mountains, which define part of the western frontier of Manchuria, it is divided into three sub-provinces. The southern is under a Mongol vice-governor; the northeastern (including a

The shaded lines indicate the present frontier of Manchukuo. Jehol was a separate administrative district of China until 1928. In that year it became one of the four provinces of Manchuria. It is now claimed by Manchukuo, but is in dispute and is not actually under the control of the Manchukuo authorities. At the moment, there are no Japanese garrisons in Jehol.

To the east of the eastern boundaries of the new Mongol province of Hsingan is a fringe of territory (about 60 miles wide in the neighborhood of Tsitsihar) which has recently been colonized by Chinese and seems recognized as permanently lost Mongol territory.

part of the Nonni valley, inhabited not only by Mongols but by other non-Chinese tribes, of which the most important are the Daghor) is under a Daghor; the northwestern (which has never been colonized by Chinese) is also under a Daghor. South of Hsingan province lies the province of Jehol, which under Chang Hsüeh-liang, the Chinese ruler at the time of the Japanese occupation, formed the fourth province of Manchuria. Southwest of

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Hsingan is the Silingol League of Inner Mongolia, the only part of Inner Mongolia proper that has not yet been encroached on by Chinese colonization. To the west lies Outer Mongolia, and on the north is Siberia.

Before discussing the political situation, we may pause to consider the relative areas of the various geographical divisions in question and the number of Mongols inhabiting them. There are no reliable figures either of area or population, but approximations will serve our present purposes. The area of Outer Mongolia is something like a million square miles. Manchuria contains about 360,000 square miles. The Mongol population of Outer Mongolia is perhaps a million and of Manchuria between a million and a million and a half. In addition, there are something under a million Mongols in Inner Mongolia, and about half a million in Jehol. This gives an approximate total of three and a half to four millions of Mongols — really a small number of persons in such a vast territory.

Inner Mongolia is recognized as one of the appanages of China, but actually it is administered by its own princes. They have been strong enough up to the present to avoid Chinese colonization, but they are not likely to try to break away from China unless rash efforts are made to increase Chinese control, or unless they are tempted by offers of an alliance with Manchukuo guaranteeing them some degree of genuine autonomy.

The Province of Jehol was made up out of the territory of the old Mongol "Leagues" of Chao-ude and Chosotu which together with the Cherim League (later absorbed into Fengt'ien province and now the southern division of Hsingan province) formed the eastern wing of Inner Mongolia. Chinese colonization of this region began early. The modern type of colonization, based on railways and backed by troops, either sweeps the Mongols before it or obliterates them under the weight of the new Chinese population. But the pre-railway conditions under which most of Jehol was colonized allowed the survival of many "islands" of Mongols. Some of these Mongols have lost their language, but the majority preserve it; none have forgotten their nationality. Though they are not nomadic, and live like Chinese, they cherish the memory of their Mongol race and rarely intermarry with Chinese.

In spite of their strong Mongol feelings these Jehol tribes are not popular among nomad Mongols, who regard them as too

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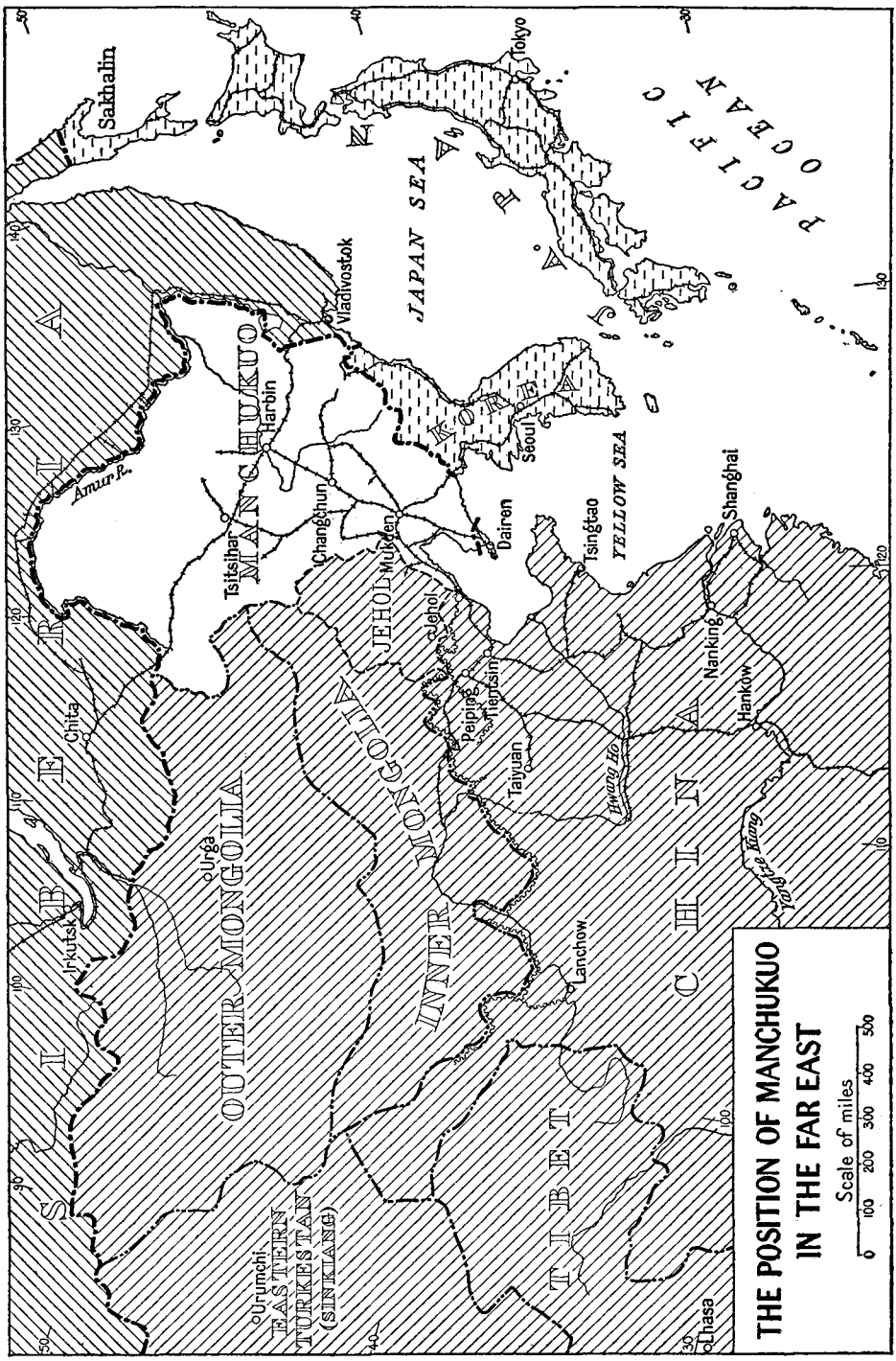

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Chinese. Out of touch with the main body of Mongols and out of sympathy with the Chinese, whom they admit to be higher in culture but whom they blame for the decline from the "good old Mongol days," they are a pathetic and melancholy people. Without hope of being able to recover their Mongol independence, they yet cling stubbornly to everything possible of their Mongol identity, and can only be absorbed very slowly into the Chinese mass. A genuinely and obviously constructive Mongol policy on the part of Manchukuo could perhaps win over these Mongols; but not easily, because they are greatly outnumbered by Chinese and because they have so long resigned themselves to the fact of China's superior power.

The mountainous province of Jehol is a key to the frontier of North China. It was only after they had allied themselves with the Mongols of this region that the Manchus, who had already raided North China, were able to plan for an invasion leading to permanent conquest, and to take full advantage of the free passage of the Great Wall at Shanhaikuan offered by the Chinese General Wu San-kuei when the Ming dynasty collapsed in rebellion. At the present time Jehol is an obvious base for Chinese guerilla warfare against Manchukuo. Thus if the new state of Manchukuo is to survive, a struggle between it and China for the mastery of Jehol province is inevitable. It is not clear whether the formation of Hsingan province was brought about by the demands of the Mongol element in Manchuria or whether it was inspired from without as a measure of Japanese high policy. But in any event the step is an important one. Ever since the fall of the Manchu dynasty, when Russia made good a claim to "special interests" in Outer Mongolia, the world has assumed that the Mongols were no longer a force in controlling their own destiny. It has been taken for granted that Russia on the north and China on the south would gradually devour Mongolia, while the majority of the Mongols would die out and the negligible remnant become absorbed among Russians and Chinese. No one has thought that the Russian device of setting up a Soviet Republic in Outer Mongolia, and the Chinese formula of calling the Mongols one of the "five constituent races"[1] of the Chinese Republic, were anything but convenient temporary fictions.

[1] Chinese, Manchu, Mongol, Moslem, Tibetan. The five-colored flag first adopted by the Chinese Republic symbolized this union. The substitution of the "blue sky, white sun" flag of the Nationalists coincides with the adoption of the Nationalist policy of urging the conversion of all minority groups into Chinese.

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The attempt to create a new Manchurian state, the recognition of the Mongol element within it, and the setting apart of a large frontier province which is virtually a Mongol reserve, have totally changed the situation. The Japanese have long claimed a special interest in "Manchuria and Eastern Inner Mongolia," but the geographical limit of this claim has never been properly defined. It must in fact be based on the three eastern "Leagues" of Inner Mongolia, Cherim, Chao-ude and Chosotu, which lie within the administration of modern Manchuria; but little attention has been given to defining "Eastern Inner Mongolia," because there was a great stretch of Chinese-colonized territory between the sphere of immediate Japanese activity and the nearest Mongol nomads; and Mongol affairs, considered as affairs of the Mongols themselves, were in any case held to form an academic question.

The recognition of a regional Mongol interest by the creation of Hsingan province is important because it means that instead of two nations, each treating its Mongol subjects as auxiliaries or victims as seemed expedient, three nations are now bidding for power. This in turn means that the Mongols can no longer be disposed of arbitrarily; they must be courted, and thus they have once more become to a certain extent agents of their own destiny. Until a year ago they had only the choice of extinction under Chinese rule or drastic social revolution under Outer Mongolia, affiliated as it is with Soviet Russia. Now they have at least a margin of bargaining power, for any concerted action, or even the action of a determined minority, can profoundly affect the policies and strategic positions of Russia, China and Japan.

The Siberian frontier of Manchuria is well established. Its frontier toward North China must follow one of several obvious alternatives, based on the mountain ranges of Jehol province. Its frontier toward Mongolia alone is uncertain. Tribal boundaries exist, but are they to be recognized as national boundaries? Where can the physical frontier be defined? When it is defined, what will be the feeling and relationship between the Mongols included in Manchuria, those remaining under Chinese overlordship in Inner Mongolia, and the independent or quasi-independent Mongols of Outer Mongolia? The region itself is almost never visited by foreign travellers. Practically nothing is known (except to a few people in China, Japan and Russia) of the tribal groupings, historical associations, and racial and nationalistic feelings

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of the people involved. Yet the frontier to be defined, and the tribal and political grouping that will result from it, will have a direct bearing on national history and international relations in continental Asia.

II

Let us turn now to Outer Mongolia. The position here is obscure — more obscure than it need be, because international recognition of the actual state of affairs would require acknowledgment of a prodigious improvement in the standing of Soviet Russia, which the nations most affected would only admit under pressure and with distaste. The historical claim of the Mongols themselves, for which a strong case could be stated, is that they do not "belong" to China and never did. The Chinese came under Manchu rule by conquest, but the Mongols came under the Manchu Emperors chiefly by alliance, or as the result of tribal wars among themselves leading to Manchu intervention. They owed allegiance directly to the Manchu Emperors, not to the nation of China, by which they have never been conquered.

When the Manchu Empire fell the Mongols attempted to assert their right to autonomy. In Outer Mongolia, with Russian support, they succeeded to a certain degree, but Inner Mongolia was too near to China and too far from an independent supply of arms. After there had been a good deal of fighting it remained under Chinese rule; but the administration of regions not colonized by Chinese was left in the hands of the tribal princes.

In 1919, when it appeared that the power of Russia was broken forever, the Chinese made an attempt to conquer Outer Mongolia. The expedition, at first successful, treated the Mongols with such brutality that any voluntary union between Outer Mongolia and the Chinese Republic is now most unlikely. The Chinese invaders were finally slaughtered and scattered by a very small force of Mongols and Tibetans, led by anti-Bolshevik Russians.

A government of Outer Mongolia was then established under the highest ecclesiastical authority in the nation — the Living Buddha of Urga. But real power was in the hands of the Russian soldier-refugees under the sadistic Baron Ungern-Sternberg, who even exceeded the Chinese in extortion and massacre. When the "Mad Baron" was at last defeated and killed by Red Russians the Bolshevik intervention came as a deliverance. Soviet Russia

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did not need to conquer Outer Mongolia: it had only to organize a people which was already well disposed in its favor. And when the Living Buddha died in 1924, it was only necessary to confirm the reorganization of the country on Soviet lines begun in 1921. Although as much killing, or almost as much, was done in the course of the secondary revolution as in the preceding years of rebellion and war, that revolution did not appear to the Mongols as a Russian conquest. A genuine pro-Russian, pro-Soviet party had by then been built up, and though Russians were concerned in the political reorganization, most of the executive work was in Mongol hands, and has remained there.

The few people who know anything of Outer Mongolia tend to be so violently prejudiced either for or against Soviet Russia that an objective statement of present conditions is most difficult to obtain. Such knowledge as I myself have been able to gather comes chiefly from Mongol refugees. As these people have fled from Outer Mongolia at the risk of being killed by the border patrols, it might be expected that any bias in their accounts would be anti-Russian. It is the more surprising to find that they are not, on the whole, anti-Russian. The almost invariable testimony is that Russian control by force does not exist. There are no Russian troops in the country, and even the Russian officers there are instructors, not commanders. Russian civil officials, apart from technical experts, doctors, veterinaries and so forth, are also very few, and on the whole are popular. In other words, the government of Outer Mongolia may be under the influence and inspiration of Russia, but it cannot fairly be called a disguised Russian government. It is based on the genuine conversion to Russian ideas of an important minority among the Mongols.

There exists a large element in Outer Mongolia which is bitterly hostile to the present government. Several thousand Mongols within the last year have found it so intolerable that they have abandoned all their possessions and fled, at the risk of being shot at sight. Nevertheless the government they have found insupportable is a Mongol government, and the patrols which try to shoot them when they cross the border are Mongols, who do not need prompting or orders from Russian officers.

The truth appears to be that the strength of the Outer Mongolian government is founded neither on Russian terrorism nor on any special diabolical Russian ingenuity in misleading a semi-barbaric people. The younger and more energetic men among the

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Mongols themselves are in control, and they have found no help or sympathy except in Russia and no model for modernization except the Russian. When first the Manchu and then the Russian Empire fell, and Outer Mongolia wished to stand alone, the native hereditary princes failed to provide capable leaders. When China tried to conquer Mongolia in 1919, the invading army did nothing to mitigate the traditional hostility between Mongols and Chinese, and everything to make new memories of hate. When the anti-Bolshevik Russians, welcomed at first as deliverers, were given a chance to found a new government under "civilized" guidance, they robbed and murdered more senselessly than the Chinese.

When, on the other hand, the Red Russians were strong enough to take a part in Mongol affairs, they were not yet strong enough to overrun the country. They were glad to use Mongols who had been disappointed by their own leaders, and by the anti-Bolsheviks, and build them into a pro-Soviet but at the same time nationalistic party. It should be remembered that, to these young Mongols, the old Mongol order meant failure and decay, while Chinese rule meant oppression and destruction. Bolshevik Russia alone meant modernism, progress and civilization.

The younger Mongols have modelled themselves on the Soviets as naturally as Chinese republicanism has modelled itself on America and Europe; but basically the new Mongolia is no more communistic in feeling and instinct than China is republican. Basically it is nationalistic, with a tincture of crude democracy, and the success of the new government would have been impossible without the rank failure of the old order to rise to the national emergency, and to adapt itself to the new conditions of power in the modern world.

Opposition to the present government of Outer Mongolia is found chiefly in the older generation and among the hereditary nobility and the lama hierarchy. The "progressives" of many Eastern nations which have come in contact with Western civilization tend to turn against the established religion. In Mongolia this tendency is especially pronounced, because communism makes all established religion an object of attack. In many ways this is a pity. The Mongol temperament is profoundly religious, and there are elements of beauty in lamaistic Buddhism which, if preserved, would accord well with the national character. A wise nationalism could reform and preserve the national religion; but

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when the intellectuals of any people have decided to tear down their own traditional religion in order to reach what they have convinced themselves is a higher ideology, they cannot be stopped by simple counsels of wisdom.

Nor is this all. The Mongols depend a great deal on Chinese materials for the study of their own history, especially for the period of the Manchu dynasty. Throughout these writings they find it stated that the Manchu Emperors deliberately encouraged the "superstitions" of lamaism in order to undermine the warlike tradition of the Mongols. It is true that at the beginning of the Manchu Empire the Manchus were afraid that the Mongols might develop a military power challenging their own, although many of the Mongols were their allies. Yet I think it is probable that the Manchu and Chinese authors of the period overemphasized the effects of official policy in destroying the military power of the Mongols by encouraging religion, and that the decay of the Mongols was largely due to other causes. The facts of history, however, are often of less influence than the current interpretation of facts as they might have been. Progressive Mongols are convinced that all religion, most of all their own, is a curse, and therefore "progress," "modernization" and the whole movement toward the material development which we ourselves call "civilization" are inseparably associated with the attack on the established religion, the social and political position of its high dignitaries and the vested interests of its great monasteries.

III

Uncolonized Inner Mongolia is the stronghold of all that has been destroyed in Outer Mongolia: the old tradition, the power of the princes, the sanctity of religion. Chinese colonization has forced this conservative Mongolia back into a desperate last stand. Until recent years there was really more land than the Mongols needed — except perhaps in bad years — but this margin has now been devoured. The land was taken over by negotiation through the princes and great religious foundations, who, not being strong enough to resist, made the best of a bad business by taking cash compensation or annual subsidies. As this method avoided most of the difficulties of the forcible seizure of land, the officials interested in colonization supported the authority of princes and high lamas in what remained of the tribal territory.

This process has now been pushed to the limit. There is no more

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spare land. The Mongols must either resist or resign themselves to abandoning the old Mongol way of life, turn to living like the Chinese, and eventually be lost among the Chinese. Any prince who consents to further grants of land for colonization is therefore obviously a defeatist who thinks it better to surrender to the Chinese than to risk, by resistance, what remains to him of his hereditary power and revenues.

It was therefore inevitable that a Young Mongol party should appear and grow rapidly in influence. The Young Mongols are devoted to the ideal of saving the remnant of the Mongols as a nation, or at least as a territorial, linguistic and racial group. They stand for education, "modernization," "progress," and adaptation to the standards of the outside world. In order to succeed, they are willing to make drastic changes. They are, of necessity, anti-aristocratic, anti-Chinese and anti-religious — at least to the extent of wishing to dislodge the lamas from their positions of privilege. One element of this party has tried to compromise with the Chinese, but found it hopeless. The Chinese, naturally, will not support any movement of education or reform which is not based on teaching the Mongols Chinese, and turning them into Chinese.

Speaking of colonization, the Chinese use catchwords about "civilizing" the Mongols, improving the land and defending and expanding the frontiers. But the impact of colonization is not directed by well-thought-out political, social and economic ideas. Actually, colonization results only from an ambition to make money on the part of the interested provincial authorities, land-commissioners and entrepreneurs who take a profit on every land-transaction. For this reason a great deal of land is taken from the Mongols that ought never to be colonized, because it is not suited for farming at all, or only suitable for farmers with advanced technical knowledge and equipment — a class that is simply not available. Thus the areas of colonization suffer a multitude of plagues; harvests are lost through cold or drought; "thin" land is rapidly exhausted and ruined by the emergence, through ploughing, of the underlying sand. As a result, the waves of colonization alternate with ebb-tides of colonists who have failed. Much of the land that has been ruined cannot recover even as pasture. This unsteadiness in colonization accounts for a great deal of the banditry which is the endemic scourge of the frontier. Nor is any compromise in the way of settling colonists as pastoral herdsmen

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possible, because that life is incompatible with Chinese tastes, traditions and experience.

Because it has proved impossible either to halt Chinese colonization or compromise with it, the Young Mongols waver between ideas of union with Outer Mongolia and ideas of treating with Manchukuo and Japan for support in a movement toward autonomy. In the circumstances, unless the princes and the high religious dignitaries with whom they are associated as the natural leaders of the old order are prepared to take positive action to prove that they intend to keep the leadership, and to keep the Mongols free, rebellion can easily break out.

The establishment of a quasi-independent Manchukuo, with the last of the Manchu Emperors as Chief Executive, offers a rallying point for the princes. The difficulty among the princes of Inner Mongolia is to find one who can be accepted there as ruler by all the others. They are all so nearly equal in status and lineage that there is no obvious leader by right of birth. Allegiance to, or alliance under, a Manchu Emperor would solve the problem. Under the Manchu Empire the Mongols never regarded themselves as a conquered, subject people, but as loyal allies. It is true that the Manchus made impossible the rise of an independent Mongol power. Yet they granted to the Mongols privileges, honors and a degree of tribal autonomy which made them in their own estimation peers of the Manchus and superiors of the Chinese. There is no doubt that princes and church would rally to a Manchu Emperor if they were convinced he had come to stay and could give them real support. If other affairs of state and international policy had not caused P'u Yi to be declared Chief Executive instead of Emperor, a virtually spontaneous movement for the independence of Inner Mongolia, led by the princes, might already have been precipitated.

IV

The problems of the Mongols in Manchuria are much the same as those in Inner Mongolia, except that the Manchurian Mongols are even more perplexed. A Japanese policy in Manchukuo that guaranteed the integrity of Mongol lands and supported the claim to autonomy, as far as reasonably possible, would go far to win Mongol support. The Mongol regions of Manchuria are the outer frontier of the new state. If the Mongols are disaffected, they can easily assist Chinese guerilla warfare against the Japa-

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nese, and the danger of their alliance with Outer Mongolia could offer a perpetual threat to the security of Manchukuo and Japan. Well-disposed Mongols, on the other hand, would greatly strengthen the frontiers of the new state, make them virtually unassailable by a flanking movement from China, and to a great extent immobilize the military forces of Outer Mongolia in the event of war with Russia.

But Japan is under enormous difficulties in following any straightforward policy in Manchukuo, especially one which will make convinced partners out of the Mongols. Manchukuo can only be controlled by a policy of playing factions off against each other. By far the most important element there, numerically and economically, is the Chinese. Unless they can be won over by justice and good government and by allowing them a proper scope for trade, permanent peace is almost impossible. The Mongols are afraid that the government in making concessions to Chinese, Japanese and Koreans, will permit Mongol interests to suffer.

The railways are the Mongols' greatest fear. All the new railways built to exploit the western part of Manchuria were originally designed to develop land taken from them. Several of these railways owe money to the Japanese. The Mongols are afraid that the Japanese, for the sake of interest on capital invested, and for the sake of new profitable investment, will continue the policy of railway exploitation, taking land from them and settling Chinese or Koreans on it. It is true that for much of western Manchuria it would be sounder economically to develop the trade in pastoral products and timber, rather than in agricultural products. There are interests in Japan which would like to see this kind of development, which would supply Japan with raw products for her manufactures and with food for home consumption and reëxport. Such interests might well favor the guarantee of Mongol lands, and assist in introducing better stock and providing the medical and veterinary services which the Mongols urgently need. Unfortunately the Mongols know little of such forms of development; to them railways mean Chinese colonization and the loss of their land, and nothing else.

It is also hard to see how the Japanese can support a Mongol policy in Manchukuo that is anything but reactionary. The appeal of Manchukuo is an appeal direct to the Mongol princes, in the name of the "good old days." It is therefore discounted in advance by many of the Young Mongols, who are *ex hypothesi*

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sympathetic to some degree with Outer Mongolia, even though very few of them are theoretical Bolsheviks.

Finally, there is the very great effect of the Chinese propaganda, which is far more convincing than the Japanese. Mongols generally fear the Chinese; but for years they have been told that a Japanese Manchuria would be "another Korea." They know nothing precise about Korea, but the story they have been told is one of inhuman oppression, and as in past years many Koreans have immigrated into Manchuria to escape Japanese rule they assume that Japanese rule must be worse even than the colonization and extinction which they themselves fear from the Chinese. Japan, in her present position, can only win confidence by constructive measures, which will take a long time.

Some of the Mongol leaders hope that out of the antagonism between China, Japan and Russia they may succeed in salvaging a Mongol state. They realize that at present, without an independent supply of arms, they cannot stand alone. The ambition of these patriots, apparently, is a semi-independent state, allied with Manchukuo and combining the present Chinese Inner Mongolia with Manchurian Mongolia, but not directly subject to Manchukuo. Some of the more ambitious even believe it to be possible to win over Outer Mongolia. They say that if they could secure enough rifles to arm the discontented conservatives in Outer Mongolia, they could detach it from the Soviet federation. The ruling faction in Outer Mongolia is a minority, although it is powerful, numerous and supported by a loyal army. If Outer Mongolia is to be won at all, it must be won now, when the call to arms can be reinforced by the appeal of a restored dynasty (for these Mongols hope that the Chief Executive of Manchukuo will soon be declared Emperor) and a return to the "good old days." This is not only because Russia is at present anxious not to fight, but because in Outer Mongolia itself the old tradition grows weaker as the older generation dies out. A new generation is growing up, to which the present conditions are normal; it looks to its own abilities for promotions and careers, and would not like to see hereditary ranks and lama privileges restored.

Manchukuo, after all, is only an experimental buffer between Russia and Japan. The Mongols do not really believe that there can be settled conditions until there has been a test of strength between these two nations; but they are beginning to believe that they themselves at last may have a say in the matter.

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There is, I think, almost no possibility of a strong Mongol reaction in favor of China. Even refugees from Outer Mongolia who hope for Inner Mongolian support in a war of liberation do not count on submission to China again. They believe that if the Mongols are strong enough to break away from Russia they need not fear China. As for the Mongols of Manchuria, they are afraid of being sacrificed to one or another of the interests of Japanese high policy; but the majority of their leaders, at least, are resigned to almost any amount of Japanese control if only they are guaranteed against Chinese colonization. The time when the Chinese could have built up confidence and loyalty among the Mongols of Manchuria and Inner Mongolia, to counteract the influence of Russia and Japan, has gone by. They are not likely to have another chance; and if they had, there is no important faction in China which believes in a generous Mongol policy and almost no one who even understands or sympathizes with the Mongols. For this reason, China has made the most urgent appeals to the Mongols to stand fast against Japan, but has given them no arms and hesitates even to support the Inner Mongolian princes in a manner that would promote Mongol unity.

The most real cleavage among the Mongols themselves is between Outer Mongolia and Inner Mongolia — between the young men, the modernizers, the believers in "progress" and "civilization," on one side, and the monarchists, the princes, the church, the conservatives, those who distrust change and new ways, on the other. Politics and religion apart, there is among all Mongols a feeling of blood-brotherhood that is very strong. Race and language are almost sacred to them. Under all differences of allegiance there is a powerful feeling that all Mongolia ought to be united. It is only over the method of achieving unity that they quarrel. In this appeal for unity Outer Mongolia, with its tradition of being the ancient home of the Mongol race and Mongol glory, dominates Inner Mongolia and Manchurian Mongolia.

The Soviet influence in Outer Mongolia is playing for time, as it is in Russia itself. Already there is a powerful minority which feels that the Russian teaching is its own faith. If the monarchists, nobility and high clergy of Inner Mongolia prove themselves to be unintelligent conservatives, capable of "learning nothing and forgetting nothing," then the already powerful, but largely subterranean Young Mongol movement will find itself forced to turn toward the Soviet influence of Outer Mongolia. If the Japanese

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influence in Manchukuo gives even the impression of making dupes of the Mongols who tentatively support it, and if no concessions are made in the way of local self-government, guaranteed frontiers for a recognized Mongol territory within Manchukuo, and Mongol troops under Mongol command, then this will mean further damage to the cause of conservatism and increased prestige for Outer Mongolia.

The importance of the challenge of Manchukuo is that it offers a possibility for Mongol survival combined with the survival of the old tradition. The hope of a renewed Mongol unity, once abandoned, is now stirring again. The Mongols themselves look for a final decision by war, a war that will mark the end of one world and the beginning of another; for to the Mongol mind, with its tradition of world-sweeping campaigns, there can be no such thing as a great historical decision not ratified by trial at arms. They look for a final struggle between revolution and reaction, and they believe that in this struggle their own destiny will be made plain.

The issue is there, whether it is to be determined by open war or by the chess-moves of treaty and negotiation. The field on which it must be settled is the almost unknown territory where Outer Mongolia, Manchurian Mongolia and Chinese Inner Mongolia adjoin. Not only is the territory itself little known. The problems and hopes, the ancient pride, the barbaric courage and callous barbarity, the courtly traditions and spontaneous poetry, the frank instincts of loyalty and faith of its Mongol tribesmen are mysteries too, unguessed at by the outer nations which wait to deliver judgment. There are many people in all nations, the undistinguished apprehensive citizens as well as those active in the affairs of government, who believe that in Manchukuo there may break out a war which will affect the course of civilization. There are few who know that it may mean the emergence once more into history of the Mongols as a living force — a race whom the world at large believes to be moribund, and incapable of the deeds of action which made it famous under Jenghiz Khan, his great marshals and his heirs.

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AFTER THE OTTAWA CONFERENCE

By J. M. Macdonnell

IN November 1930 an Imperial Conference was held in London. The discussion was mainly on economic relations within the Empire, and Mr. Bennett, who had just become Prime Minister of Canada, urged strongly on the Labor Government, which was fully pledged to free trade, the advisability of inter-Empire preferences. "I offer to the Mother Country," he said, "and to all other parts of the Empire, a preference in the Canadian market in exchange for a like preference in theirs based upon the addition of a ten per centum increase in prevailing general tariffs or upon tariffs yet to be created. In the universal acceptance of this offer and in like proposals and acceptances by all other parts of the Empire we attain to the ideal of Empire preference."

For the Prime Minister of a Dominion to suggest to the British Government a policy which directly contravened their well-known principles was a daring thing to do, and it brought down on Mr. Bennett's head much criticism from august quarters. The London *Economist's* comment was: "Mr. Bennett says in effect — 'Revolutionize your fiscal policy, put duties on primary foodstuffs imported from foreign countries in order to admit under preferential rates larger quantities of Canadian wheat, and we will give your manufactured goods — not lower duties but a preference conditioned by the further raising of our own tariff barriers against the world.'" This leading journal went on to chide Mr. Bennett for the lack of practical work at the Conference, which they thought was due to his ill-considered attempt to stampede the British Government.

At that time many people were inclined to agree with the *Economist.* Yet within two years an Imperial Economic Conference has done what then seemed to most thoughtful people impossible.

In the event, it has all come about naturally enough. The British Labor Government found themselves overwhelmed by the economic and financial blizzard of the summer of 1931, and being unable to carry on under storm conditions gave way to a government predominantly Conservative, supported in the main by members pledged to protection. It was not long before a beginning

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was made in the setting up of protective duties in the United Kingdom, and this opened the way for the Conference at Ottawa, originally planned for the summer of 1931 but postponed because at that date it obviously could accomplish nothing.

American readers will no doubt be chiefly interested in the Conference so far as it affects Canada and the United Kingdom, because these are the two parts of the British Empire with which American trade is of greatest importance. In this article I shall therefore confine myself to those aspects of it.

I heard a distinguished Canadian public man say in January last to a group of Americans, in referring to Canadian-American trade, "You have made us feel that we must go elsewhere." A glance at the facts will show how true this is. Canadian economic history since 1855 is strewn with the wreckage of trade from time to time built up and then as regularly destroyed, so far at least as tariffs could destroy it, by American tariff laws. A Reciprocity Pact was made by Lord Elgin in 1854. Between 1850 and 1866, when the Reciprocity Pact was denounced, the total trade between the two countries had increased in value from $10,000,000 to $54,000,000. In 1866 the trade dropped promptly to $45,000,000. It is not necessary to do more than mention briefly the succeeding American tariff measures, the general tendency of which was to carry the tariff walls against Canadian natural products higher and higher. The McKinley tariff of 1890, designed to protect the farmers in the northern states, dealt a body blow to the farmers of Ontario. The Dingley tariff of 1897 carried the duties again higher, and it was perhaps no mere accident that in the same year the Canadian Government, under a French-Canadian Premier, gave the first preference in the Canadian market to the British manufacturer. From that time until the World War there was a happy interlude from tariff increases, and indeed the Payne and Underwood tariffs reduced barriers and allowed trade to flow more freely.

I must not, of course, forget Canada's refusal in 1911 of reciprocity proposals from the United States. A lot of foolish imperialistic arguments were made against a reciprocity pact at that time, and great use was made of certain unguarded utterances of the late Champ Clark, the late President Taft and other Americans suggesting that the proposed treaty was the first step toward annexation. But apart from these influences there undoubtedly also existed in Canada the feeling that to make a treaty with the

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United States was again to give hostages to fortune — in other words, that if we built up trade under such a treaty we might again find it seriously affected in an adverse manner whenever the United States felt it convenient to do so.

In the post-war confusion the distress of American farmers has again caused increases in the American tariff against Canadian natural products which have been devastating to Canadian growers. The Fordney-McCumber Act in 1922 added new duties which, had it not been for the prosperous years that followed, would have immediately worked grievous injury in Canada. As it was, trade increased in the prosperous years up to 1930; but the Smoot-Hawley tariff of that year, synchronizing with the depression, brought about a catastrophic drop in Canadian exports to the United States. In 1931 they fell about 33 percent below 1930 and have since gone substantially lower.

Let us now turn to the history of trade relations between England and the United States. The story is comparatively simple. With the exception of a few duties on luxuries, particularly on motor cars, most of which were repealed by the Labor Government, England has until the last few months supplied a great free market to the United States, taking far more than the United States took from her. The balance of exports was made up in two ways — first of all through the amount (now, as Mr. Keynes would say, so astronomically reduced) spent by American tourists abroad; and, of course, in later years, by the huge amounts lent by Americans to Europe which enabled England, like the rest of Europe, to buy heavily from the United States.

It should be pointed out that while Great Britain has pursued an almost entirely free trade policy until a few months ago, there has for many years existed an element anxious for a tariff. At the beginning of the present century, the late Joseph Chamberlain, whose son Neville was one of the British representatives at the Ottawa Conference, initiated a tariff reform movement which rapidly gathered impetus and which from the year 1900 until the landslide to the Liberals at the end of 1905 appeared to be an important political factor. Under the Liberals in the prosperous pre-war years the influence of this movement waned, not to rise again till the collapse of the post-war prosperity. In the years of growing unemployment after 1921 the movement again became important and captured a strong element in the Conservative Party. Indeed, in the 1923 election Mr. Baldwin half committed

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his party to tariff reform. The disaster suffered by the Conservative Party in that election again thrust tariff reform into the background, and in the 1929 election, when the Conservative Party was returned to power, it was not a serious issue — the memory of 1923 was still fresh.

Such was the situation when the new (depression) era commenced and everyone began to feel the pinch and to take steps for self-preservation. And what steps have been taken! The United States, having given the lead in raising tariffs to all the rest of the world, was quick to move forward again. In Canada during 1930 we elected a government pledged to cure unemployment by the use of tariffs. Immediately after his election Mr. Bennett called a special session of Parliament and raised tariffs substantially, particularly in the textile industry. I have already referred to the proposals he subsequently made to the Imperial Conference in London, and to the events leading up to the Ottawa Conference in August last.

The months prior to the Conference were busy with preparations. These were chiefly of two kinds. In the first place there was naturally an intensive preparation by civil servants on both sides, particularly by the admirably trained British civil servants. And there were also meetings in England and Canada of representatives of different industries in the hope that agreements might be made to divide up the business to the satisfaction of both. Certain of these meetings of business men were successful, notably the meetings between representatives of the steel and leather industries. On the other hand, an attempt of textile manufacturers on both sides of the water to get together was an entire failure.

As the date for the Conference approached hopes and fears alternated in curiously opposite ways, and the training, temperament and outlook of the decisive and courageous Prime Minister of Canada were carefully and anxiously assessed. Notwithstanding that unlike his predecessors in the Conservative Party he had implemented his election promises by putting into effect the high tariffs which he had promised, there was great fear in the manufacturers' ranks, and corresponding hope among low tariff people, that having summoned the Conference Mr. Bennett would become convinced there was only one way for it to succeed, namely, by Canada's making real concessions, and that he might be prepared to make such concessions even in the face of violent opposition in his own party.

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His speech at the opening of the Conference gave encouragement to both sides. He said in part:

For a great many years Colonial and Imperial Conferences have discussed the question of closer Empire association and have searched for a formula by which it might be brought about. Throughout these Conferences is to be found the evident desire for an improvement in Empire trade relationships through the general application of tariff preferences.

At the Imperial Conference held in London two years ago Canada submitted what she conceived to be the basis of a plan for closer economic association.

That plan was predicated upon the general adoption of preferential tariffs, and we maintained that such a plan could best provide reciprocal benefits to those participating in it. At that time a most profitable enquiry, in my opinion, was held into the merits of our proposal, and all competing plans and projects were fairly and fully canvassed. The Empire as a whole was not then ready to adopt our plan. By common consent the Conference was adjourned. This Conference follows upon that adjournment.

In the interval, as I have said, the United Kingdom has adopted the principle of tariffs as an instrument of economic advancement. As a consequence, the difficulty in adopting our plan has been removed. Our policies are now uniform. Our desire for achievement is even greater now than then. Our common need is now more urgent. No one, therefore, can now deny that the time for action has arrived and that the British Empire at last is able to fulfil its long-time hope of real and helpful closer Empire economic association. And that the son of the greatest protagonist of Empire trade is today one of the delegates to this Conference seems to me prophetic.

I will re-submit in principle my earlier proposal with such modifications as the present circumstances make advisable. . . .

We therefore will propose that the United Kingdom shall extend the principle of her present tariff preferences to natural products, and on our own part we are prepared to make the necessary adjustments in our tariffs to secure the advantages which we believe will come from this arrangement.

Mr. Baldwin, in his opening speech to the Conference, revealed what he and his colleagues hoped to obtain when he used these words:

Reverting now to Empire trade, we hope that as a result of this Conference we may be able not only to maintain existing preferences, but in addition to find ways of increasing them. There are two ways in which increased preferences can be given — either by lowering barriers among ourselves or by raising them against others. The choice between these must be governed largely by local considerations, but subject to that it seems to us we should endeavor to follow the first rather than the second course. For however great our resources, we cannot isolate ourselves from the world.

The Conference encountered stormy and difficult weather. Many pious hopes had been expressed that there would be no bargaining, but of course it was a plain and obvious fact that the

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whole point of the Conference was for the various parts of the Empire to bargain with each other. As one writer, referring to the Conference, has said: "Most prudent people hesitate to do business with their relatives. When the necessity arises, the results are seldom a stimulant of family affection. Each kinsman expects the other by reason of his kin to make kindly concessions and is outraged to find the others expect the same of him." There was some criticism of Mr. Bennett for being somewhat harsh and overbearing in his dealings. But as against this it may fairly be said that without his firmness, force and resolution it is doubtful whether the Conference could have achieved what it did.

Though details were not available until the Parliaments of the Empire met in October, it was at once evident when the Conference ended that a situation not without considerable irony had arisen. Mr. Bennett, the convinced protectionist, had by his forcefulness imposed on the British representatives (who may fairly be described as most unwilling protectionists, and some of whom were at heart free traders) the food taxes which have been anathema in England for over eighty years, thereby raising a storm in English politics the end of which is not yet. On the other hand, there was reason to believe that the British delegates had forced on Mr. Bennett certain tariff concessions quite out of line with his previous course of action.

In analyzing the results of the Conference I shall begin by quoting the general statement of principle contained in the resolution which it passed:

> The nations of the British Commonwealth having entered into certain agreements with one another for the extension of mutual trade by means of reciprocal preferential tariffs, this Conference takes note of these agreements and records its conviction;
>
> That by the lowering or removal of barriers among themselves provided for in those agreements the flow of trade between the various countries of the Empire will be facilitated, and that by the consequent increase of purchasing power of their peoples the trade of the world will also be stimulated and increased;
>
> Further, that this Conference regards the conclusion of these agreements as a step forward which should in the future lead to further progress in the same direction and which will utilize protective duties to ensure that the resources and industries of the Empire are developed on sound economic lines.

A special Supplement to the London *Economist*, dated October 22, 1932, contains an admirable detailed summary of the results of the Conference, and in what immediately follows I shall quote from this freely.

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The concessions in each case can be divided into pre-Ottawa concessions and undertakings made at Ottawa. Dealing first with the concessions made by Great Britain to Canada, the *Economist* points out: "The concession of free entry for Empire produce under the Import Duties Act and Horticultural Products Act gave the Dominions a preference varying from 10 percent to 33 percent over a range of commodities covering one-half of British trade." In the case of Canada, these preferences included more than half of her sales to the Mother Country. Undoubtedly this had prior to the Conference produced a considerably better market for Canadian goods in Great Britain.

The undertakings made by the British Government at Ottawa fall under five heads: 1. Continuance of free entry for all Imperial products now admitted free of British duties. 2. Imposition of fresh duties on certain imports from foreign countries. 3. Maintenance of certain existing preferences, *i.e.*, by not reducing the existing duties on foreign imports. 4. Quantitative regulation of certain meat imports. 5. Certain other undertakings, including notably an agreement with Canada to deal with imports of goods whose price is affected by foreign State action. (This last clause was designed to deal with what was regarded in Canada as Russian dumping.) The agreements are to run for five years.

Coming to details, we find that Canada expected to realize most benefit from the duties on wheat, copper, lead, zinc and lumber, the meat import regulations, the removal of certain limitations on the export of live cattle from Canada, and also from a preference for Canadian tobacco. The two most important duties were those on wheat and meat, particularly the latter. The undertaking given by the United Kingdom makes clear that what is intended is, by the use of quotas, to raise the price of meat in England to the point where the English farmer can make a profit, and to give to Canadian bacon and ham free entry to a maximum of 2½ million cwts., an amount larger than Canada has exported to England even at the height of the export trade.

The best informed men in the Canadian packing industry regard this part of the agreement as of enormous potential importance to Canada. At present the low prices in England, coupled with the depreciation in the pound and the inadequacy of the hog supply in Canada, make it impossible for Canada to take advantage of the arrangement. But there is a feeling that Great Britain's declared policy of raising and stabilizing the price,

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while at the same time regulating foreign importation and allowing the Canadian product free entry, offers Canada a concession which should prove most valuable. A beginning has already been made toward the carrying out of this part of the agreement. A cabled report from London, dated November 10, states: "A reduction of foreign imports of bacon to the United Kingdom by 20 percent was practically agreed upon at a conference today attended by members of the Department of Agriculture and commercial attachés of countries concerned. A representative of the United States Embassy was present at the conference. Nations concerned with the bacon trade are Canada, Denmark, Sweden, Norway, Poland, Latvia, United States and the South American meat producers."

The effect of the six-cent preference on Dominion wheat should undoubtedly result in a larger movement of Canadian wheat to the United Kingdom market. The potential benefits here, however, are not so clear as in the case of meats. The trade and the Canadian farmer are still puzzled as to the exact outcome. More cannot usefully be said at the moment.

In addition to making certain concessions, the agreement between the British Government and Canada contained an article providing that "if either Government is satisfied that any preferences hereby granted . . . are likely to be frustrated in whole or in part by reason of the creation or maintenance directly or indirectly of prices for such class of commodities through state action on the part of any foreign country, that Government declares that it will exercise the powers which it now has or will hereafter take to prohibit the entry from such foreign country directly or indirectly of such commodities into its country for such time as may be necessary to make effective and to maintain the preferences hereby granted by it." This was directed at Russia and particularly intended to aid Canadian lumbering interests. How far it will do so the future will show. Canadian lumber manufacturers are at present in England seeking to make satisfactory arrangements there, and for the most part are full of hope that great benefit to the industry will come from the denunciation of the Russian agreement which has already been carried out by Great Britain and from the prevention of Russian dumping. It should be pointed out that the British Columbia manufacturers do not think that under existing conditions the preference presently offered will be sufficient to enable them to compete.

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Summing up the result, the *Economist* says: "After the imposition of the new duties provided for in the Ottawa agreements Great Britain will have a tariff of far-reaching scope and considerable height. . It will be seen that of our foreign imports in 1930 no less than 83 percent were admitted free of duty. As a result of the various duties imposed under the 1932 Import Duties Act the free list before the application of the new Ottawa duties had shrunk to 30 percent. After Ottawa the free list will amount to only 25 percent. Not only so, but the effect of the Ottawa agreements will be substantially to increase the incidence of the rates levied on imports subject to the new protective duties." It should be pointed out that these alterations in duties seriously affect the position of such important customers of Britain as Denmark, Holland, Belgium, Sweden, Italy, Finland, Poland, Chile and the Argentine.

Before I set out the concessions made by Canada, it is necessary to say a word about the Canadian tariff. There are three rates of duty: 1, the British preferential tariff, the lowest scale, which applies to goods imported from the United Kingdom and most parts of the Empire, provided that not less than half the value of the goods (or one-third in the case of cotton manufacturers) is of British origin; 2, the intermediate tariff, which applies to imports from a few British countries and from 22 foreign countries; 3, the general tariff, which applies to imports from other countries, including the United States.

At the Ottawa Conference the Canadian Government gave certain general undertakings, namely:

1. To protect by tariffs against United Kingdom products only those industries which are reasonably assured of sound opportunities for success.

2. During the currency of the agreement (1932–37) to base the Canadian tariff on "the principle that protective duties shall not exceed such a level as will give the United Kingdom producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production," provided that special consideration shall be given to industries "not fully developed."

3. To constitute forthwith the Tariff Board provided for in the Act of 1931, and to alter the tariff in accordance with its report, to give effect to principles of paragraph 2.

4. Not to increase existing duties without inquiry by the Tariff Board and to give United Kingdom producers a hearing at such inquiry.

5. To ensure a minimum of uncertainty, delay and friction in connection with the tariff and provide machinery for prompt and impartial settlement of disputes.

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6. To abolish surcharges on United Kingdom imports as soon as possible and to consider the ultimate abolition of exchange dumping duty on United Kingdom products.

"In addition to these general undertakings," says the *Economist*, "whose implementation is a matter for the future, and depends on the recommendations of a Tariff Board instructed to act on the vicious principle of 'compensatory tariffs,' the Canadian Government promised specifically to carry out forthwith a revision of a portion of the existing tariff. The results of this revision are now available; and, as they constitute the most important immediate fruits of Ottawa they merit examination in some detail."

Views on an agreement covering matters so highly controversial were bound to vary widely and to be discussed vehemently. Leaving aside the orthodox party press, the views of which are known in advance, we find in Canada a strong difference of opinion among newspapers which may be regarded as having a considerable degree of detachment and impartiality. The leading journalist in Canada in many ways is Mr. Dafoe of the Winnipeg *Free Press*. While on the whole strongly Liberal, he was, I am satisfied, prepared to estimate the Conference quite impartially. While criticizing with some asperity some of the objections of opposition (Liberal) critics who attacked the reality of the concessions ("Liberal members stultify themselves by putting them forward," he remarked), he goes on to say:

It cannot be too frequently pointed out that Great Britain, though it now has tariffs against the world covering about two-thirds of its imports, has kept its ports open to Canadian imports, whether they are manufactured goods or primary products of the forest and farm. This attitude towards Dominions which have shown a virulent resourcefulness in keeping out goods from Great Britain is singularly magnanimous. It reflects the mood in which the British Ministers entered the Conference. They hoped to establish over the Commonwealth an area of mutual low tariffs tending towards at least free trade within the Empire; and to this end they set the example by exempting Dominions' goods from the operation of their tariff. Undoubtedly they hoped for tariff concessions in the like spirit from the Dominions.

The agreements which are the outcome of the Conference are now under review in all parts of the Empire. Here in Canada the agreement has been subjected to intensive examination in Parliament, and in so far as the Canadian concessions to Great Britain are concerned, with the most disappointing results. The reductions in the tariff are so trivial as to be almost meaningless; the tariff upon the British goods is still in most cases prohibitive. Where the preference is increased it is, in most cases, at the expense of the Canadian consumer, and the purpose of the change, as it is revealed under examination,

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is to give the lion's share of the benefit not to the British but the Canadian manufacturer.

The Toronto *Globe*, for many years a leading Liberal paper, though of late independent in tone, and which had hoped for great things from the Conference (it was perhaps the first Canadian newspaper to support it), regards the results of the Conference with hope, though mainly as making a beginning and providing an impetus to the growth of inter-Empire trade. One is inclined to suspect that, like the *Free Press*, it finds the actual tariff concessions made by Canada disappointing.

Mr. Mackenzie King, opposition leader at Ottawa, has criticized Canada's action at the Conference on two scores — first, because of the increase of duties against countries outside the Empire; secondly, because of the inadequacy of the British preference. He promised, if returned to power, to lower the general tariff and increase the British preference.

The *Economist* feels:

1. That the bulk of the new British Free List "concessions" represent classes of goods in which previously high protection for domestic manufacture was judged to be unnecessary.

2. That in many instances the increased preferential margin is unlikely to bring much benefit to Britain.

3. That even in the small part of the vast complete Canadian tariff now revised, half the imports will be subject to almost prohibitive duties. Making a rough estimate where only a specific duty is listed, we arrive at the conclusion from our analysis that out of the $90 millions of imports covered by our sample inquiry, $43½ millions (British $9½ millions, foreign $34 millions) will still be charged with duties of more than 20 percent, in addition to primage and exchange dumping duties and sales tax.

Those who find cold comfort in the actual reductions conceded by Canada try to cheer themselves with the belief that the Tariff Board provided for by the agreement will set things right. A well-informed Englishman resident in Canada said to me, in commenting on the agreement: "Of course the crucial thing is the Tariff Board."

I have quoted above the undertaking of Canada to constitute the Tariff Board and not to increase existing duties without inquiry by it. On this point the *Economist* says:

This statement of principle, which is, of course, by no means new, looks at first sight to be very fair and just. But, on further examination, it will be found to be not only misleading but vicious; for while it appears to be a limiting principle, it is not a limitation either in theory or in practice; for if carried out strictly it would put an end to all foreign trade. Clearly, if a duty is put on

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equal to this difference, there will be no benefit from foreign trade, which is only advantageous because you can buy abroad cheaper than you can produce at home, and vice versa as regards exports.

This criticism, which suggests that the duty of the Tariff Board will merely be to find out what tariff will enable any industry, however unsuitable to Canada, to compete with the United Kingdom on equal terms, entirely overlooks the word "efficient" in the agreement. If this is interpreted as one hopes, consideration will be given to the suitability of the industry in question to Canada, as well as to the efficiency of its operation. A proper consideration of these two points will, I believe, answer the *Economist's* point, which smacks more of the lecture-room than of practical affairs.

That the general sense of people in Canada and England regards the Tariff Board as an instrument of great potential value is shown by the amount of interest which has been taken in its personnel. Notwithstanding the hostile and captious assumption that the Board would be a mere tool of Mr. Bennett, the report in the press that he has attempted to secure as Chairman one of the outstanding Supreme Court Judges of Ontario is regarded by fair-minded people as clear evidence of his intention to make the Board an impartial body to be kept on the highest plane. Perhaps the best comment that I can make is to quote the opinion of a low-tariff Liberal resident in Western Canada, who said that he would be quite satisfied as to our tariff future if that part of the agreement which relates to the Tariff Board were carried out in the letter and in the spirit.

The political consequences of a system of Empire trade agreements have been a matter of great concern to thoughtful minds on both sides of the water ever since they began to be definitely advocated as a part of Empire policy. Twenty years ago a Canadian who has since become a well-known political figure said to me: "Preferences freely given between one part of the Empire and another which can be withdrawn at the will of the giver — yes! But binding trade agreements are an entirely different thing. There will be great danger that under them situations will arise whereby certain elements in one part of the Empire will feel that a certain agreement with another part of the Empire is injurious to them and that it has been fastened on them for the benefit not of themselves but of the other partner. That will be fraught with great danger."

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These fears came to be widely held previous to the Conference, and certainly the event has shown that they were well founded. The reception of the agreement in the British House of Commons has demonstrated clearly that the food taxes are strongly repugnant to the Liberals and to the Labor opposition. Great stress is laid on the fact that the Ottawa agreements are to be effective for five years and that during this period the component parts of the Empire apparently will have great difficulty in making trade bargains with the rest of the world. Mr. Baldwin and the other British representatives who attended the Ottawa Conference stoutly deny this.

Another criticism which has found vehement expression in the British Parliament is that by the Ottawa agreements the British Government has tied its hands in tariff matters for five years, and, further, that it has really acted unconstitutionally by abrogating for five years its ability to deal with its own tariff policy. Speaking in the House of Lords, Lord Snowden said: "The Dominions are to dictate to us where we shall buy and where we shall not buy. The agreements have surrendered our fiscal autonomy and handed over to the Dominions the control of British trade policy, reducing this country below the status of a Dominion." Sir Herbert Samuel has used language in the Commons similar to that used by Lord Snowden in the Lords. In Canada, the opposition leader, Mr. Mackenzie King, also objected on constitutional grounds to the making of a five-year agreement.

From a strict constitutional view the objectors are no doubt right. Such at any rate is the view expressed by Sir John Simon, an eminent lawyer, now Foreign Secretary of Great Britain. But he added that in the circumstances the constitutional objection should be overlooked. This is almost certainly what the man on the street thinks — he will not worry unduly about the letter of the constitution if the agreement brings better business. Like Mr. Montagu Norman, he will take short views.

It should also be pointed out that both at Ottawa and Westminster statements have been made by the opposition that if returned to power they will not feel bound by the five-year period. It would certainly be a serious matter if a British or Canadian Government repudiated agreements made by their predecessors. But I believe the common view is that when the time came this would not be done.

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While it has not been given prominence in Parliament or in the press, the really serious question for the future is to determine whether the emphasis should be laid on economic ties rather than spiritual ties as the true link of Empire. Lord Hailsham, one of the delegates, speaking in Calgary immediately after the Conference, pointed out that as the result of previous Imperial conferences the only link of Empire remaining was the allegiance to the Crown, and he went on to express the view that to replace the previous ties now severed we must look to the creation of new economic ties. But it may seriously be questioned whether if economic ties come to be regarded as the only or even the most important ones they will prove to have the durability of those less tangible but more enduring things which have carried us in the Empire, through many shocks, thus far on our course.

Mr. Ramsay MacDonald, speaking to his constituents at Lossiemouth in May last, stated that the aim of the Imperial Conference was to create freer trade conditions over a large part of the world. Mr. Baldwin, at the opening of the Conference, expressed the same idea in different language.

There is no doubt that in Canada even the convinced supporters of a high tariff were puzzled and disturbed at finding themselves in a world where international trade was rapidly shrinking. For many years it had seemed possible, notwithstanding frequent warnings from the free traders that it could not last, to have quite high protection for home manufactures and a large export trade. The years 1930 to 1932 had seen a drastic shrinkage of the export trade; and the obvious necessity for a freer exchange of goods started doubts in unexpected quarters regarding the effectiveness of protection. Thus one of the leading Canadian Boards of Trade, composed almost exclusively of convinced protectionists, passed a resolution which, after referring with approval to Mr. MacDonald's words above mentioned and declaring its belief that "permanent improvement in manufacturing conditions in Canada can only arise through an improvement in the position of the producers of the natural products arising from agriculture, mining, fishing and the forest," went on to say:

> That while it is recognized that there may be cases where tariffs may still have to be adjusted for special reasons such as particularly low labor costs, the objective of the Conference, in order to assist producers of natural products, should be, as far as possible, to lower existing trade restrictions within the Empire.

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That the return of prosperity to Canadian grain growers depends on the preservation of the maximum freedom of exchange of products with countries which import or may import Canadian wheat. The same is true with regard to our other natural products.

The fact that such a resolution could be passed by such a body shows how far men's minds have been captured by the belief that only through freer international trade can our present economic ills be overcome. Even the plain man on the street is beginning to sense the fact that the economic organism, like the human organism, cannot live if its circulation is stopped.

Judged by Mr. MacDonald's test, what can be said of the Conference? A prominent Canadian journal says:

Whatever may be the financial effect of the tariff changes now announced by Canada as a result of the Imperial Conference, they effectually dissipate the hope that the Conference would constitute the first step toward a general reduction of tariffs. For out of 223 items in which changes other than those of wording are made, the tariff is actually increased against non-British nations in 125. There are only 84 in which it is lowered to Britain without being increased to other countries. . . . It cannot be said that Canada has taken the path toward the lower tariffs which the world so sadly needs.

It would be equally difficult to argue that the steps being taken by Great Britain are in the nature of reductions. Further, the fact that the tariff arrangements are embodied in five-year agreements means that, to use Mr. Hoover's word, they are apparently being "imbedded" still further in our economic life.

And yet this is only a partial view. In the first place, as has been suggested earlier, it is quite arguable that the best way to bring about a lowering of tariffs in the long run is for the British Empire in general, and the United Kingdom in particular, to have something with which to bargain. The people in England have for the most part come to the conclusion that their hope of seeing the rest of the world follow their free trade example was futile so long as they had nothing in the way of tariff concessions to offer. Those who hold this view hope that the raising of tariffs in England may be the beginning of a downward revision throughout the world — in other words, they are trying homeopathic treatment, having perhaps particular regard to the forthcoming World Economic Conference.

In the second place, if as time goes on the tariff reductions within the Empire itself prove to be real, it is quite possible that, notwithstanding tariff increases against the rest of the world, and

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notably in the case of Canada against the United States, there might be, through increased trade in the Empire, the achievement of Mr. MacDonald's desire for freer trade conditions over a large part of the world. Many people think that if our Canadian Tariff Board functions as it should function we shall have very much freer trade between Canada and the United Kingdom. Also, it should not be overlooked that compared with the tariff of countries who have been "thorough," the tariffs imposed by England, and in many cases even by Canada, are moderate and will operate in the main as tariffs for revenue and not for protection.

Broadly speaking, I think it may be said that the common opinion in Canada and Great Britain, apart from the interested views of those directly affected for good or ill by the agreements, is that while the immediate results are disappointing (it may be noted that the disturbed exchanges are making it difficult for the agreements to function naturally at present), a beginning at least has been made, and that we should not abandon hope of substantial achievement until we have had time to give the plan a fair trial. As I have already said, people in Canada at any rate are not disposed to despair of the Canadian Tariff Board's achieving a great deal if Canada (as Mr. Bennett's own actions promise) carries out the spirit of the agreement which provided for its appointment.

Naturally much will depend on what happens to the American tariff. If it should be substantially reduced, so that the United Kingdom and Canada can resume anything like their former trade with the United States, the effects will be profound on the future course of inter-Empire agreements. If, on the other hand, the United States pursues the exclusionist policy of the last couple of years, then there is really no course left open to the Empire but to endeavor in every way, first, to increase inter-Empire trade and, secondly, to increase trade with the rest of the world outside the United States. In this, as in so many other departments of world affairs, the action of the new administration in the United States may well be decisive.

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THE SECESSION MOVEMENT IN SOUTH AFRICA

By Edgar H. Brookes

THE Union of South Africa still suffers from the romantic illusions and false optimism which attended its foundation. The golden days of 1910 assumed a union of hearts and not merely of institutions. Given patience, good will and favorable circumstances, those hopes might have been realized. But it was not to be. The young nation found itself plunged into the Great War only four years after the achievement of union. Still more significantly, Dutch South Africa was called upon to fight on behalf of Great Britain against Germany less than thirteen years after the termination of the war waged against Great Britain by the Republics of the Transvaal and the Orange Free State — a war in which they had received the ill-concealed sympathy of the Kaiser and his people. The strain was too great. The old Republics blazed out into rebellion. With extraordinary moral courage Generals Botha and Smuts took the field, in honorable fulfilment of their promises of allegiance, on the side of their ancient foe against their own people. They suppressed the rebellion. But they suppressed it at the cost of incurring immense unpopularity, and of being repudiated by a large section of their former supporters. Their success led to the ultimate triumph of the Nationalist movement under General Hertzog. That movement, seven years after Botha's death, succeeded in hounding Smuts out of office and seizing the reins of government.

When the National Convention met in 1908–9 there was much canvassing of a "federative solution." The delegation of Natal actually laid on the table a draft "British South Africa Act" embodying the federal principle. But the forces working against federation were too strong. The Prime Minister of the Cape Colony, John X. Merriman, with whom financial saving was almost a monomania, was convinced that federalism spelt extravagance. Moreover, the larger colonies — the Cape and the Transvaal — contained large numbers of both races, Dutch and English, distributed in such a way as to make it difficult to draw boundaries between them: thus federation on the Swiss model was impossible. It is true that each of the smaller provinces, Natal and the Orange Free State, was more homogeneous — the

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one overwhelmingly English, the other overwhelmingly Dutch. But when ex-President Steyn of the Free State declared for a legislative union, the possibility of a federal solution disappeared. The whole weight of the Transvaal delegation headed by Generals Botha and Smuts was thrown in favor of union.

Thus pressed, the Natal delegates unwillingly gave way. To placate them, a makeshift system of provincial councils was devised. Looked at superficially, this system bears some resemblance to a close federation of the Canadian type. In reality, however, all the essential elements of federalism are absent. The ordinances of the provincial councils may be vetoed by the Union Government, which appoints and removes the administrator, the head of the province. The councils possess no exclusive legislative powers. On every point they may be overridden by Union legislation. The courts may declare their ordinances invalid — but the acts of the Union Parliament are not subject to that restriction. The powers of the councils may be curtailed or extended by unilateral action on the part of the Union Parliament, which also has the undoubted legal right to abolish them. In short, they are important local government bodies rather than organs of states in a federation.

From the beginning, however, Natal regarded the councils as a fundamental part of the bargain of Union and thought of their maintenance as an undoubted moral obligation. One legal guarantee she thought she had secured. Bills abolishing provincial councils, or abridging their powers, were, in terms of the Constitution, to be "reserved for the signification of His Majesty's pleasure." As the unwritten Constitution of the British Commonwealth stood in 1910, this meant that the King's Ministers in Great Britain would virtually be called in as arbitrators between the provinces and the Union. The process of amendment which has just culminated in the Statute of Westminster has rendered this safeguard illusory. It is now universally accepted that the King is advised solely by his Dominion Ministers in matters affecting any particular Dominion. Reservation has thus become a meaningless anomaly. Natal's only protection remains the common sense and good faith of the rest of the Union.

Isolated by Natal's geographical position and still more by her history from the general life of the Union, the people of Natal saw with surprise and displeasure the rapid development of an Africander nationalism all around her. In truth, the atmosphere

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of good will which was so apparent at the National Convention was not deeply enough grounded to last. Generals Botha and Smuts were in a difficult position. Firmly convinced of the wisdom and righteousness of a policy of conciliation, they had to suffer the reproach from many of their old friends of being weak-kneed compromisers, while their new supporters — including a solid block of members from Natal — had not enough vision or imagination to understand the Dutch point of view and the singularly unhappy position of their leaders. While General Hertzog and others complained that the application of the bilingual principle was intolerably slow, Natal murmured at its being applied in practice even to a limited degree. Natalians forgot that Dutch had been the sole official language of the Transvaal and Free State less than ten years before the establishment of the Union. It was hard to understand that their own natural and laudable British characteristic of warm-hearted loyalty to the throne was not at all shared by many people outside Natal, and that even the leaders of the country felt an honorable but cold sense of obligation rather than a passionate devotion. Perhaps Botha's and Smuts's worst enemies were, after all, their friends.

All these tendencies were accentuated by the Great War and the rebellion. The rebellion made the success of the Nationalist Party possible, though the party itself had been founded two years earlier. General Hertzog, himself not a participant in the rebellion, had no hesitation in capitalizing the sentiments which it had aroused. Nationalism grew as a political force. General Hertzog himself has been fairly consistently (as he is today) an autonomist of the type of Arthur Griffith or Michael Collins rather than a republican secessionist. Many Nationalists, however, openly preached secession and were not disavowed. The party today contains strong republican elements, at present only held down by General Hertzog's personal influence.

It was due principally to the preaching of these republican doctrines that the idea of the secession of Natal first began to be canvassed. Natal, in short, did not intend to secede from the Union until a strong group in the Union openly talked of seceding from the Empire. The overwhelming majority of Natalians (to speak frankly) had not thought of the war in terms of South African interests at all. They fought and died, gallantly, cheerfully, for England, for the "old country," for "the Empire," not for South Africa nor yet to "make the world safe for democracy."

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Their attitude was perfectly natural, intensely exasperating to the Nationalists, and a source of embarrassment to the leaders — Botha and Smuts — whom they still continued to support.

While they were with great complacency contemplating the victorious end of the war and the terms of the armistice, they learned, to their undisguised horror and indignation, that a deputation of leading Nationalists was planning to attend the Peace Conference, and to plead in the name of the principle of "self-determination" for the restoration of the independence of the Transvaal and Orange Free State. That the members of the deputation seriously expected to attain their object may be doubted. They probably knew enough of English psychology to realize that Englishmen would never seriously consider self-determination as applicable to a state so fortunate as to be a member of the British Commonwealth. The work of the deputation may be regarded simply as a gesture, making clear, in a way not even very dignified, a point in a national argument. General Hertzog made the biggest mistake in his political career when he consented to form part of the deputation. Having committed himself to the secession of the Transvaal and the Orange Free State from the Union, he is in a very difficult position if he opposes the secession of Natal.

So strong was republican feeling in the Nationalist Party, that a great conference which was held in 1920 to bring about reunion between it and the South African Party, led to nothing because the Nationalists would not agree to drop secession as an ideal. In despair, General Smuts turned to the Unionists. They represented the consciously British vote in the provinces other than Natal. Realizing the need of sacrificing much in order to save something, the Unionist Party adopted heroic measures. It decided to dissolve, and its members joined the South African Party. Even then Natal provincialism persisted, and the Natal members of the South African Party continued to form a semi-independent wing, not fully amalgamating even with their fellow "Britishers" from other provinces.

With a cabinet enlarged by four of the ex-Unionist leaders, General Smuts appealed to the country in 1920. He received an adequate majority, and for the moment it seemed as if he had triumphed over republicanism for good. But in reality he had alienated almost as much support as he had gained, and many of his old supporters drifted into nationalism rather than work with

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the ex-Unionists. Disasters crowded thick and fast upon him. A great strike in the Witwatersrand mines was suppressed with severity, not indeed more severely than would have been the case in many European states, but with a harshness unusual in South Africa where rebellion is regarded as one of the more venial sins. Nationalism and organized labor drew together. At the election of 1924 they scored a signal triumph, and General Hertzog took office with a ministry composed of eight Nationalist and three Labor members.

Now for the first time Natal began to experience what the Transvaal and Orange Free State had experienced a quarter of a century before — rule by an alien race. For, though the Labor Ministers effectively silenced the republican propaganda and helped to lead General Hertzog back into the path of independence within the Empire from which he had strayed, they were powerless to prevent the application of Nationalist principles in other directions. Bilingualism was carried to its logical conclusions — in Natal, as elsewhere. Afrikaans-speaking officials began to increase more and more rapidly in the public services — a natural development, but one resented in Natal. Worst of all, a bitter controversy arose over the question of the flag. A new South African flag was finally approved, and though the Union Jack may fly side by side with it on certain buildings in the larger towns, Natal has refused to be comforted. The flag of his country is regarded by many a Natalian with hatred and contempt — again to the intense exasperation of other South Africans.

Thus far the situation created in South Africa in 1924 may seem to resemble that which has arisen in the Irish Free State in 1932. The analogy is sufficiently close to warrant examination. Hertzog, like de Valera, had made his name as a republican. Like de Valera he has not always been fairly represented. Like de Valera, again, he has to face the opposition of yet more extreme republicans, to whom what they regard as his moderation is anathema. Like de Valera, he came into office with the support of labor. In his case the flag question was what the oath question is with de Valera. And, although both parties in Ireland are nearer to the republican left than is the case in South Africa, there is some considerable resemblance between the situation of Cosgrave and that of Smuts.

It is just possible — no more than just possible — that South African history may repeat itself in Ireland and that de Valera,

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having removed the last obstacles to perfect equality between the Irish Free State and Great Britain, may, like Hertzog, turn on his own republicans and die in the odor of sanctity of Dominion status. But one thing is certain. Neither Hertzog in South Africa nor de Valera in Ireland is fitted by education, temperament or political affiliation to conciliate the British minority. If we imagine a union of Ireland including intractable Ulster, formed in the spirit of Redmond rather than of de Valera, Collins or even Cosgrave, and a development a quarter of a century later which left de Valera Prime Minister of all Ireland, we shall understand the Natal secession movement. For though Natal, to do her justice, is a little more tolerant than Ulster, the resemblance is great.

To the north of the Union lies the self-governing colony of Southern Rhodesia. Possessing sentiments similar to those of Natal, she has been successful outside the Union in maintaining her position and even acquiring self-government. General Smuts did his utmost to entice her into the fold in 1923–24. He failed; and the result has been the accentuation of Africander nationalism within the Union. This tendency, largely Rhodesia's own fault, has estranged her more and more from her great neighbor. Natalians now look longingly at the colony of Southern Rhodesia. They see there an English-speaking territory under the Union Jack, free from the burden of bilingualism, with its own autonomous government. They see it, in spite of its close proximity to the Union, able to maintain itself economically and in a position to threaten withdrawal from the South African Customs Union.

At the same time, after eight years of Nationalist rule, they feel the iron entering deep into their soul. English to a fault, they have not yet had enough imagination to realize what the twenty-three years beginning with Milner and ending with Smuts indeed, but Smuts dependent on the ex-Unionists, have meant to the republicans of the Free State and the Transvaal. They fear that, even if Smuts succeeds at the polls in 1933 or 1934, his success will only encourage the republican wing of the Nationalist Party to renew its domination. They feel that a greater South African Confederation of the Union, Natal, Rhodesia and the Native Protectorates may one day be formed but that in the meantime the first ideal is to withdraw Natal from the Union and make her an independent bargaining factor.

General Smuts, it is true, has all along favored an expansionist policy, and, apart from a sincere broad-mindedness and desire

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for internal conciliation, is driven by this desire to favor a policy of closer rapprochement with Great Britain. For only with British good will and active British coöperation could the greater South Africa be brought into being. Some ardent Nationalists have spoken of the flag of a republican South Africa floating over Kenya, but the responsible leaders of the party, and in particular General Hertzog, have followed what may fairly be called a "little Africander" policy. They were unenthusiastic over the acquisition of Southwest Africa, they did their best to hinder the incorporation of Southern Rhodesia into the Union, and they vigorously protested during the election of 1929 against the linking-up of the Union with what they called "Kaffir states."

Success on the part of the Natal devolutionists would probably not pave the way to a greater South African Union, but would place permanent power in the remaining provinces in the hand of a dominant Africander majority, somewhat resentful at the Natal attitude and little disposed to make concessions to the large English-speaking minority within its borders. Natal and Rhodesia would take on the guise of "cities of refuge" to which gradually more and more young English South Africans would drift. No doubt a new problem would arise when Cape Town, in some ways more English even than Natal, and the Cape Peninsula, containing the British naval station, Simonstown, demanded the same right of secession as had been accorded to Natal. Within fifty years South Africa would be split into a Dutch Republic centering around Pretoria and exploiting the gold mines of Johannesburg; a British naval station at the Cape; an outlying colony, Natal, reproducing on a more extensive scale the problems of Kenya; a detached Southern Rhodesia; and territories in Central and East Africa the future development of which it is not now possible to forecast. Surely statesmanship and common sense would endeavor to prevent such a "Balkanization" of South and Central Africa. Natal is, in a deeper sense than it has realized, the key to the problem. If she stands fast and yet learns to exhibit more understanding, more of the spirit of give-and-take, she may save not only South African unity but also the permanent position in a Greater South Africa of that British tradition which she holds so dear.

English-speaking South Africans run the risk of going through a phase of defeatism which in the long run may harm their Afrikaans-speaking fellow citizens as much as it does themselves.

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The Englishman is not used to being in a second place, whether it be in South Africa or in Ireland. It is comparatively easy for him to be a magnanimous and even generous ruler — few peoples have a better record in this respect — but when he feels that he is ruled, he is apt to stumble along in confusion, quite perplexed by the unaccustomed character of his rôle. The English-speaking South African, whether in Natal or elsewhere, has no reason to give up. He is numerous enough and successful enough to hold his own if he will realize that he cannot always be on top in every sphere of the national life. In his surprise and disgust at finding this expectation unrealizable, he tends to despair. But hope, so Lord Bryce has hinted in the closing sentences of "Modern Democracies," is the greatest of political virtues. Once abandon hope, and the way is left open for fear, resentment, the "inferiority complex" and the whole miserable train of vices, neither virile nor noble, which English rule has occasionally called forth among subject-races and from which folk of English descent are not exempt. Greatly daring, we may say that what can yet save South Africa is a strong infusion of true Christianity; for it is one of those countries where the principles of the Sermon on the Mount represent the only workable and sensible political philosophy.

If we descend from these more or less idealistic heights and survey the human possibilities and probabilities of the South African situation, we shall be led to the conclusion that while secession from the Commonwealth and the consequent disruption of the Union are possible, the probabilities lie in the direction of the maintenance of an undivided Union within the Commonwealth. In spite of much bitter feeling and some irreparable harm since 1910, there is ground for hope. A growing minority even in Natal (principally of the younger generation) is coming to take a broad and statesmanlike South African view of the situation. There is more than a possibility that the electorate may not give the Nationalist Party a third term of office. Within the limits of the makeshift provincial system (which like the makeshift Third Republic in France will probably outlive many "permanent" institutions), a great measure of devolution can be accorded to Natal. By patience and untiring effort, it will still be possible to rebuild on a rock foundation of reverence for facts the structure of Union which, reared on the sands of optimistic illusion in 1910, has been so battered by the storms of the war and post-war years.

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IRAQ: THE END OF A MANDATE

By Rupert Emerson

IN THE case of Iraq we now have the full life history of a mandate from birth to death. With the report of the Permanent Mandates Commission to the Council of the League on the termination of the British mandate the formal cycle of the functions of the Commission was rounded out, and a new and striking addition was made to the jurisprudence of the mandates system. Not only were the general conditions for the termination of mandates laid down by the Commission, but in addition the particular case of Iraq was examined and a report rendered both as to Iraq's general fitness and as to the guarantees of good conduct that must be internationally imposed upon her. To the Commission, in its vitally important rôle of adviser to the Council on mandate matters, fell the major share of these labors and of the responsibility attaching to them; but these responsibilities, it is to be feared, the Commission was more eager to evade than to meet squarely.

It is the clear implication of Article 22 of the Covenant, as has been recognized by many commentators, that the mandate was to be regarded as a temporary institution, having as its purpose the bringing to maturity of peoples "not yet able to stand by themselves under the strenuous conditions of the modern world" and ending when that purpose had been attained. There is, however, no precise statement to that effect nor is provision made for any machinery for its realization. In consequence, objections have been raised in certain quarters to the conception that mandates are temporary. These objections, although they seem baseless even for the B and C mandates, could certainly not be held to apply to the A mandates. The Palestine mandate may well, for political reasons, be of relatively long continuance, but the French representative has already informed the Mandates Commission that the termination of the Syrian mandate is under consideration.[1]

The British request for the termination of the mandate for Iraq put squarely before the League the problem of improvising the machinery which Article 22 had failed to supply. The formal structure of this machinery is now complete. But its operation in the case of Iraq exhibits again those fundamental flaws which from the beginning have tended to weaken the mandates system. The ultimate responsibility must, of course, rest with the Council, since it is the Council which is specified in the Covenant as the agency of the League in mandate matters;[2] but the Council, not improperly, tends to shift the substance of its decisions to the Mandates Commission. It is here that the difficulty arises. For the Commission, in its turn, has seen fit to shift a large part of its burden back to the mandatory power. The mandatory initiates the pro-

[1] Permanent Mandates Commission, *Minutes*, XX, pp. 32–38 and 163.

[2] But the Assembly can by no means be ignored in this connection, because of its jurisdiction over the admission of new members into the League. The termination of a mandate without the entry of the new state into the League is conceivable, but highly improbable. The preamble of the Anglo-Iraqi Treaty of June 30, 1930, speaks of the automatic termination of the mandatory responsibilities of Great Britain "upon the admission of Iraq to the League of Nations." The act of admission was voted by the League on October 3, 1932.

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cedure, it renders the report upon which the Commission bases its advice to the Council, and it bears some considerable share, at least, of the "moral responsibility" for termination.

That the machinery for the termination of a mandate should normally be set in motion by the mandatory itself appears clearly to be the assumption of the Mandates Commission. Lord Lugard, indeed, stated that in his view it was more correct to regard the mandate as terminable not only at the mandatory's request, but also whenever a country had reached the required standard; but he added that "for all practical purposes, the Council would never take action except at the request of the mandatory." No contrary opinions have been put forward by members of the Commission, and several members have expressed themselves in similar terms. That the Commission itself should take the initiative is politically most unlikely, considering the cautiousness of most of its present members. Moreover, it probably lies beyond the competence of the Commission, since its function under the Covenant is simply to advise "the Council on all matters relating to the observance of the mandates."

The inhabitants of the mandated areas would also seem to be excluded from the possibility of taking the first step, inasmuch as no machinery is provided for them to make their claim to independence heard. Petitions that oppose the mandate itself or the general structure of the system are declared non-receivable, and no provision has been made for the appearance of petitioners before the Commission or the Council to present their case in person.

There remains, of course, the possibility that the Council itself should set the machinery in motion, but it was precisely this possibility which Lord Lugard scouted. In view of the fact that the essential documents of the mandates system throw no direct light whatsoever on this question, it seems impossible to determine whether or not the Council possesses the formal competence to originate the procedure. From the political standpoint it must be recognized that, whatever the Council's competence, such an action on its part would seem to the mandatory an intolerable criticism of its manner of meeting its obligations. One is presumably justified in accepting the suggestion of Count de Penha Garcia in his report to the Commission that the consent of the mandatory would be necessary.

If the termination of a mandate is seriously in prospect, perhaps it is not of very great consequence who takes the initiative, since it may be assumed that before any formal action results a considerable measure of agreement will already have been reached by the principal parties concerned. Far more serious questions are raised by the fact that it is primarily on the basis of information supplied by the mandatory that the Commission, in reply to the Council's request for an opinion, makes up its mind as to whether the territory concerned is or is not prepared for independence. This relative lack of independent information is, of course, one of the most serious stumbling blocks to the effective operation of the mandates system in general, and gains peculiar importance in connection with the termination of mandates only because of the special weight of responsibility resting on the Commission at that time.

The difficulties of the Commission's position were discussed on a number of occasions in the course of its consideration both of the general conditions for the termination of mandates and of the special case of Iraq. M. Van Rees in

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particular was gravely doubtful as to whether the Commission's knowledge of a mandated area was adequate to allow it to do more than express a merely negative opinion. The mandatory power alone, he declared, could take a decision with full knowledge of the facts. The Commission, having examined all the information submitted to it, could go no further than to state that "it had found no grounds for advising that the mandate for Iraq should not be withdrawn."

Several sections of the special report of the Commission to the Council on the emancipation of Iraq [3] indicate strongly the extent to which the Commission was in agreement with M. Van Rees. The whole report is negative in character as far as any expression of opinion by the Commission is concerned, and the Commission's recommendations are prefaced by the statement that "it has had no opportunity of observing at first hand the moral condition and internal policy of Iraq, the degree of efficiency reached by its administrative organization, the spirit in which its laws are applied and in which its institutions function." The Commission, the report continues, can therefore base its conclusions only on information supplied by the mandatory, and on petitions, with the observations of the mandatory upon them.

In the original draft of this section of the report the further statement was made that the Commission "could only give a definite opinion on these various points if it were free to employ methods of direct observation." This suggestion that the powers of the Commission were too limited for the proper performance of its functions was, however, challenged by certain members of the Commission, Count de Penha Garcia and M. Merlin agreeing that if the Commission were to stay in Iraq for three or six months it would be no wiser than on the day of its arrival. As a result of these criticisms the draft was amended to the more innocuous final version cited above. Similar divisions within the Commission as to the desirability of inquiries conducted within the mandated territory have occurred on several previous occasions. It is more than doubtful that authorization of such inquiries could be secured even if the Commission were in complete agreement that it would be wise to make them. The mandatory powers tend strongly to regard themselves as the only proper sources of information for the Commission, and the influence of those mandatories who are also Council members is bound to be considerable. A certain degree of support for the idea of inquiry on the spot was given by M. Grandi in the sixty-fourth session of the Council, but it met with no response. On this occasion, in connection with the discussion of the Commission's report on the general conditions for the termination of mandates, the Italian Foreign Minister put forward the view that there must be a direct study of the country's constitutional and administrative structure. It was not enough, he said, "to note the existence of certain laws; the Council must make sure that they could be applied, and, for this purpose, no means of investigation should be excluded." [4] Early in the Commission's consideration of the case of Iraq this statement was cited by M. Palacios, with the suggestion that because of the special importance of the present case the Council might be prepared to authorize resort by the Commission to other than the normal means of investigation.

[3] Permanent Mandates Commission, *Minutes*, XXI, Annex 22.

[4] *Official Journal*, November, 1931, p. 2049.

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But there was no general acceptance by members of the Commission of the idea that it would be desirable to conduct investigations on the spot. M. Van Rees, perhaps the most cautious member of the Commission, even suggested that "a particularly dangerous aspect" of such an inquiry was that it would change the Commission's position and compel it to assume the responsibility of expressing a positive opinion regarding the degree of maturity reached by the mandated territory. Certain members did, indeed, point out that there were other sources of information concerning the mandated areas than the mandatories themselves, and that these were regularly utilized in questioning the representatives of the mandatories who appeared before the Commission. M. Merlin, for example, cited the petitions, press accounts, and the information given by travelers. The Commission was not, however, to be moved from its cautious position by such suggestions.

There can be no doubt that when the Commission is faced by such a request as that of the Council in connection with Iraq it finds itself in a difficult position. It is called upon to give its opinion on a matter of fundamental importance, yet the major part of the evidence is furnished to it by a party vitally concerned in the result. Its means of access to independent sources of evidence are strictly limited. Conceding all this, we may still doubt whether the Commission has been willing to assume as large a share of the responsibility as must inevitably fall to it. The relative success of the mandates system has been due primarily to the existence and the integrity of the Commission. If it should fall by the wayside the collapse of effective League control over the mandates could scarcely be far distant.

Yet it is difficult to avoid the conclusion that in the case of Iraq the Commission attempted to evade a responsibility legitimately its own. Time and again in the course of the discussion members of the Commission sought to shift the responsibility back to the mandatory power; and, even though there were braver spirits among them, the final report to the Council bears clearly the impress of this evasion.

It seems clear, as will be shown below, that the majority of the members of the Commission did not feel that Iraq had yet reached a degree of maturity at which it could stand alone under the strenuous conditions of the modern world, yet the report to the Council accepts the recommendation of the mandatory for the termination of the mandate. The declaration of Sir Francis Humphrys, High Commissioner for Iraq, as to the continuing responsibility of Great Britain, appears to have been the principal factor influencing the decision. This declaration, cited in part in the report to the Council, states that "His Majesty's Government fully realized its responsibility in recommending that Iraq should be admitted to the League, which was, in its view, the only legal way of terminating the mandate. Should Iraq prove herself unworthy of the confidence which had been placed in her the moral responsibility must rest with His Majesty's Government, which would not attempt to transfer it to the Mandates Commission." [5]

The importance of this declaration in the eyes of the Commission is evidenced by the succeeding paragraph in the report, which states that if it were

[5] Permanent Mandates Commission, *Minutes*, XX, p. 134. The only portion of this declaration which the Commission omits in its report to the Council is the concluding clause.

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not for this declaration "the Commission would, for its part, have been unable to contemplate the termination of a régime which appeared some years ago to be necessary in the interests of all sections of the population." From this it seems that it is the agent which is undertaking the action rather than the principal on whose behalf the tutelage is being exercised.

This shirking of responsibility by the Commission was attacked on several occasions by advocates of a bolder attitude. M. Rappard in particular was concerned to point out that those who denied the Commission's responsibilities implicitly acknowledged that its work was vain. To refuse to give a decision which is backed up with full and complete responsibility is, he insisted, tantamount to suicide. The Chairman likewise felt that, although the mandatory should take full responsibility for the facts it had brought forward, the Commission still remained responsible to its own conscience and to the public opinion of the world for a decision which might have serious consequences. M. Orts agreed with the Chairman both in this opinion and in the further suggestion that the Commission could properly meet its responsibilities only after an inquiry on the spot. The extreme opposite of this view is to be found in the comment of M. Van Rees, noted above, that an inquiry on the spot was dangerous precisely because of the responsibility it placed on the Commission.

That the majority of the Commission was highly dubious of the wisdom of terminating the mandate for Iraq is evident throughout the records of the entire discussion. Serious doubts were expressed on a number of different and vitally important points bearing on independence — such as defense and the alliance with Great Britain, the protection of minorities and of foreigners, economic independence, and general political and administrative ability. Furthermore, only two members of the Commission expressed the positive opinion that the time had come for the termination of the mandate, and both, it should be noted, spoke before the Council had put the problem squarely up to the Commission and before the final examination of the 1930 report and of the High Commissioner.

If there were only two to speak definitely in favor of ending the Iraq mandate, there were a number who expressed the contrary opinion. On several occasions, in fact, members suggested that the whole Commission was unconvinced as to the readiness of Iraq for independence. Thus M. Rappard stated that "none of the members of the Commission, even the most optimistic, would be prepared to affirm their conviction that Iraq could be emancipated without disadvantage," and suggested further that this anxiety should be the substance of the frank report to be made to the Council. At least two other members expressed similar anxieties on behalf of the Commission as a whole, Count de Penha Garcia remarking that it would be idle to deny that the Commission had the impression that the emancipation of Iraq was premature and M. Merlin stating that members of the Commission regretted that the mandatory power should be relinquishing its task after so short a period. Several members also gave voice to personal doubts. M. Orts, who was particularly concerned with the precarious situation of the minorities, intimated strongly that although Iraq now gave the appearance of a modern constitutional monarchy it was highly doubtful whether this impressive façade rested

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on the solid foundations of adequate political education. In the succeeding session of the Commission he even went so far as to suggest that the termination of a mandate, before the real aims had been achieved, would amount to a failure of the system. Mlle. Dannevig, particularly in connection with the interests of women and children, felt obliged to state that she "would not venture to express her conviction that it would be in the best interests of Iraq to remove the advice and support of the mandatory power."

In the final drafting of the report to the Council, Marquis Theodoli, chairman of the Commission, appears also to have associated himself with these doubts. M. Rappard and M. Orts had both submitted draft articles for the report stating in somewhat different language that the Commission's examinations of Iraq's affairs had not led it to believe that the time had come for the termination of the mandate. The Chairman expressed his readiness to adopt the text submitted by M. Orts, which contained the further statement that it was only the British declaration of responsibility which made it possible for the Commission to accept the mandatory's proposal. This text, in considerably modified form, found its way into the report to the Council.

In the light of the specific declarations by members of the Commission, and of the tone of the questions put to the High Commissioner, it seems beyond dispute that most of the Commission was opposed to advising the Council to grant the British request. An examination of the Commission's report (despite the fact that the proposal to terminate the mandate is accepted) strongly bears out this view. On almost every point mentioned in the report a qualification is attached casting doubt on the real ability of Iraq to maintain itself at an acceptable standard. Furthermore, as was made clear in the course of its discussions, the Commission was obviously dubious as to the propriety of the arrangements both in respect to Great Britain's economic hold on the country and her predominant military-political position as expressed in the Anglo-Iraqi Treaty of June 30, 1930.[6] The report to the Council, however, contains merely the typically equivocal statement that, although the obligations assumed by Iraq towards Great Britain were somewhat unusual in treaties of this kind, they "did not explicitly infringe the independence of the new State."

It is difficult, in view of all the foregoing, to escape the conclusion that the Mandates Commission has evaded the responsibility which legitimately rests upon it and must rest upon it if the mandates system is to be more than the pious fraud which its hostile critics have asserted it to be. If the Commission, in order to avoid damaging the susceptibilities of mandatory powers, is to decline to exercise its full critical powers and rights, then the foundations of the system will have been shattered.

[6] The provisions of this treaty were the subject of critical examination in the course of the Commission's discussions. Several members hinted strongly that Great Britain in terminating the mandate had secured for herself a position incompatible with the sovereign independence of Iraq. The Chairman stated that in certain clauses of the treaty "the extreme limit of what could be done without infringing the independence of a state, as conceived by the Covenant, had been reached and perhaps even passed," while M. Palacios remarked that it was difficult not to share the apprehensions of those who saw the mandate being replaced by an ordinary protectorate.

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THE GREEK IMPASSE

By William Miller

AFTER a period of ministerial stability Greece once again finds herself in a phase of political uncertainty. From July 4, 1928, down to the present time, with the brief interval of Mr. Papanastasiou's eight days' Premiership in May of this year, Mr. Venizelos has been Prime Minister, thus beating all Greek records for length of service except that of Trikoupes in 1886–90 and his own in 1910–15. Supported by a huge majority, Mr. Venizelos was able to give the weary country a comparatively long experience of quiet but resolute government and to pass a series of measures, the enumeration and explanation of which fill an electoral pamphlet of two hundred and eighty-one pages.

But past achievements are in no country a secure basis for future electoral triumphs. English political history is full of examples of that fact. Everywhere, and not least in Greece, as St. Paul observed, the people want something new; everywhere governments long in power offend powerful interests; everywhere there is an uncertain mass of voters with no fixed political convictions but liable to be moved by vague hopes and past disillusionments. In the present case the character and methods of Mr. Venizelos increased this tendency. No Prime Minister of our time is less of a demagogue. The remark attributed to him by Emil Ludwig, that, having been elected by a large majority of the people, he insisted upon governing it, may be merely the suggestion of an historical novelist, but the fact remains that again and again this vigorous Cretan — and the Cretans are the Scots of Greece — refused point-blank to withdraw measures which he considered necessary and beneficial to the general welfare, simply because they would offend large sections of the electorate. Such independence on the part of governments is rare in democratic countries, where the tail usually wags the dog and a Prime Minister follows his followers. But Mr. Venizelos is of the oak, not of the willow; *frangar non flectar* is his motto, and less than ever in recent times has he suffered contradiction gladly. To these considerations must be added the factor of the refugees. At previous elections since their arrival in 1922 they had mostly voted for the Republicans, because they held the Royalists responsible for the Asia Minor catastrophe; but in 1932 they were divided, because all their hopes and demands had not been realized by successive Republican Governments.

It was evident, then, that Mr. Venizelos would emerge from the elections of September 25 with a diminished majority. The elections were held (as in 1926, but not as in 1928) on the system of proportional representation, of which Mr. Venizelos personally disapproves but which was considered desirable in the peculiar circumstances of the moment. The result, as is usually the case under that system when numerous small parties enter the field, was indecisive. The Liberals, or Venizelists, headed the poll with 100 deputies out of 250, as against 178 in 1928. The Popular Party (Royalist) increased its following from 19 to 95. The remaining 55 seats were divided between eight smaller parties, of which the most numerous was the Progressive Party of

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Mr. Kaphandares, an ex-Premier and former lieutenant of Mr. Venizelos, from whom he has been unfortunately separated since 1928. This second Republican group obtained 15 seats, while Mr. Papanastasiou, who, as Prime Minister, made the Republic in 1924, obtained 10 seats for his Agrarian-Labor Party, the successor of the Republican Union. The total of the votes cast told much the same tale: the Liberals obtained 394,466, the Royalists 391,176, the Progressives 96,320, and the Agrarian-Labor Party 68,802. Thus the Venizelists and the Royalists were almost equal; but the Republican parties together — if they can work together — have a majority over the Royalists.

The result was, from the standpoint of the nation, unfortunate. What Greece wants at this moment, when financial questions overshadow all others, is a strong government prepared to carry out an unpopular policy of drastic economies. Failing such a strong government, composed of one party — and such a government was obviously impossible — an "Œcumenical" Government of all parties (except perhaps the Communists, who obtained 10 seats, as against none in 1928) was indicated and persistently urged by the patriotic President of the Republic, Mr. Zaïmes. Twice before had such a government been formed: once in 1877, at the crisis of the Russo-Turkish War, under the presidency of the venerable Admiral Kanares, who in 1822 had burnt the Capitan-Pasha's flagship off Chios, and once in 1926, under the Premiership of the present President of the Republic, with whom all the present party leaders except Mr. Venizelos (then absent from Greece and out of politics) collaborated, including Mr. Tsaldares, the Royalist chief.

After wearisome attempts to form an "Œcumenical" Government, which were defeated by Mr. Tsaldares's refusal to participate in such a combination, a temporary solution was reached on November 4 when Mr. Tsaldares became Prime Minister of a Coalition Cabinet composed of members of only three parties — his own, and those of Generals Kondyles and Metaxâs. As the latter two parties consisted of only 8 deputies between them, the total forces of the Coalition numbered only 103 out of 250 deputies. But Mr. Tsaldares took office on the explicit understanding that Mr. Venizelos would promise to "tolerate" his financial measures — a "toleration" also conceded by Messrs. Kaphandares and Papanastasiou. In practice this meant that a sufficient number of the Opposition would abstain from voting against the Government to keep it in power for the time being. In other words, it is a government on sufferance, and its existence is uncertain, especially as Mr. Tsaldares's own party has occasionally shown signs of disunion and disobedience. Individualism is a strong element in the Greek character, and dissident tendencies are apt to develop in parties when in power. Opposition unites, responsibility divides.

The most important portfolio in the Cabinet, that of Finance, is held by Mr. Tsaldares himself, on the British principle that the Minister should not be an expert; for the new Prime Minister is a distinguished lawyer, not a financier. The two leading financial experts of his party, who were supposed to have in their pockets a plan for restoring the finances of Greece, both refused office when it was offered to them — a not infrequent attitude of critics everywhere. But Mr. Tsaldares has in his Under-Secretary of Finance, Mr. Eulambros, an expert who has written in English a book on the National

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Bank of Greece. In like manner, the Foreign Office has been entrusted to a politician who has not specialized in international affairs — Mr. John Rhalles, son of the famous Premier of 1897, 1909 and 1920; but Greek foreign relations are now mainly financial. The appointment of so staunch a Republican as General Kondyles as Minister of War is a guarantee that the army cannot be used against the existing régime, or officers removed from their posts because they are Republicans.

While it is always rash to forecast the political future in Greece, there is no reason to suppose that, because the Popular Party polled so many votes at the last election, the Glücksburg dynasty therefore will be shortly reinstalled at Athens. Far more electors probably voted for the followers of Mr. Tsaldares because they were "Popular" than because they were "Royalists." Monarchists in Greece are apt to be anti-Venizelists rather than Royalists, and the writer knows of a prominent monarchist who refused to speak to Mr. Venizelos (who was not favorable to the proclamation of the Republic in 1924), yet is on friendly terms with Mr. Papanastasiou, the first Republican Premier. George II has himself stated that he will never return to Greece as a party leader, but only as the chosen of the Greek majority of the people. Therein he has shown wisdom, for a king who is a party leader is certain to share the vicissitudes of his party, besides discontenting a number of his more ardent partisans if he ventures to show favor to the less zealous. All kings in exile are in these days not anxious to return to what a novelist has called "draughty palaces" and a life of humdrum and boring ceremonial. They have a very good time abroad — despite the British income-tax, if they settle in England — and are, as ex-monarchs, free from the trammels of etiquette and the protocol.

But the form of their government is a matter which concerns the Greeks alone. One can be "Monarchist in France and Republican at San Marino," or as an ancient Greek philosopher said: "It does not matter to the Spartans how the Thebans are governed." What does matter to outsiders is whether the foreign policy of the Greek Government is likely to be changed, including its financial policy towards foreign bondholders and its fiscal system generally. On the score of foreign policy, in Greece as in England, there is likely to be no change whatever party be in power. The cardinal points of Mr. Venizelos and Mr. Michalakopoulos's foreign policy — friendship with Turkey, Jugoslavia and Italy — have been accepted by all parties, while the Cypriote question, in which last year the Premier took a much more conciliatory line than most Greeks, although it lost him some support at home, has subsided, temporarily at least. Greece is on good terms with all her neighbors, great and small.

Greece has marvelous vitality, and has come triumphantly through so many disasters in past centuries, that she may be expected to issue safely from the present delicate and makeshift arrangement. The national tendency to individualism is the greatest obstacle to collaboration between her public men. To them, on this as on many occasions in his long career, the President of the Republic, a man always to the fore in times of difficulty, sets a noble example.

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SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

By William L. Langer

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General: Political and Legal

PROBLEMS OF PEACE. Sixth series. London: Allen and Unwin, 1932, 301 pp. 8/6.

Lectures delivered at the Geneva Institute by Zimmern, Garner, Laski, Eddy and others, dealing mainly with the possibility of establishing a world community, and obstacles in the way.

REPORT OF THE ROUND TABLE AND GENERAL CONFERENCES AT THE TWELFTH SESSION. EDITED BY JOHN BAKELESS. New Haven: Yale University Press, 1932, 345 pp.

A convenient presentation of the discussions at the Williamstown Institute of Politics in the summer of 1932. Among the subjects treated were the limitation of armaments; American foreign policy, political and economic; the peace treaties and the map of Europe; the Far Eastern situation; Latin American problems; and the Imperial Conference. On these questions of current interest the records of the conferences supply a good deal of factual material together with widely divergent opinions.

THE BRITISH YEAR BOOK OF INTERNATIONAL LAW. New York: Oxford University Press, 1932, 250 pp. $5.00.

The thirteenth issue of a valuable publication. This number includes, among many technical articles, a good treatment of the Austro-German customs union problem. In addition there are book reviews and an extended bibliography.

WORLD PROBLEMS. BY MARCELLUS DONALD A. R. VON REDLICH. New York: Social Science Publishing Company, 1932, 336 pp.

A collection of articles, many of them previously published, by a man well versed in international law and diplomatic procedure. The subject matter is very diverse, and includes articles on lesser countries like Albania, Finland, Persia, Transjordania and Egypt.

SURVIVANCE DE LA RAISON D'ÉTAT. BY ANDRÉ GROS. Paris: Dalloz, 1932, 390 pp. Fr. 50.

A stimulating discussion of the survival of traditional concepts in the ideas of the state and international relations.

INTERIM MEASURES OF PROTECTION IN INTERNATIONAL CONTROVERSIES. BY E. DUMBAULD. New York: Van Riemsdyck, 1932, 216 pp. $3.00.

A technical analysis of an important aspect of procedure in dealing with conflicts.

INTERNATIONAL SERVITUDES IN LAW AND PRACTICE. BY HELEN DWIGHT REID. Chicago: University of Chicago Press, 1932, 254 pp. $3.00.

A fundamental monograph on an aspect of international law which has become very important as a result of the peace treaties. The author has collected material in the American archives and in Europe, and here presents a reasoned statement of the law and practice. She is convinced that, in view of the ever-growing interdependence of the nations of the world, the application of servitudes offers a convenient means for facilitating distribution of goods, for improving communications and for solving military problems, the more so as they need not infringe upon the sovereignty of the servient states. The book is well documented and contains an exhaustive bibliography.

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FREEDOM OF PASSAGE FOR INTERNATIONAL AIR SERVICES. By L. H. Slotemaker. New York: Van Riemsdyck, 1932, 122 pp. $1.50.

A legal analysis of a subject of increasing importance.

LE DROIT AÉRIEN FRANÇAIS ET ÉTRANGER. By J. Constantinoff. Paris: Chauny and Quinsac, 1932, 342 pp. Fr. 40.

A competent review of the present status of air law.

ACQUISITION OF SOVEREIGNTY OVER POLAR SEAS. By Gustav Smedal. Oslo: Dybwad, 1931, 143 pp.

The English translation of an important Norwegian study, containing a thorough discussion of the sector principle and an extended treatment of the East Greenland question.

COMPULSORY ARBITRATION OF INTERNATIONAL DISPUTES. By Helen May Cory. New York: Columbia University Press, 1932, 294 pp. $3.50.

In brief scope the author gives a well-documented account of the development of the principle before the war, its extension in the post-war period, the actual machinery provided and the difficulties in the way of its functioning. The book contains a detailed bibliography.

DIE REVISION DER PARISER FRIEDENSVERTRÄGE. By Josef Laurenz Kunz. Berlin: Springer, 1932, 328 pp. M. 24.

The author examines in detail the reasons for the revision of the treaties by legal methods, and possibilities of its accomplishment. One of the best treatments of the subject.

JENSEITS VON PAZIFISMUS UND NATIONALISMUS. By Werner Picht. Munich: Callwey, 1932, 221 pp. M. 2.60.

A little essay by a German member of the International Institute for Intellectual Coöperation, who points out why healthy nationalism and international responsibilities are not incompatible.

LE PRIX NOBEL DE LA PAIX. By R. Moe. Oslo: Aschehoug, 1932, 301 pp.

A statement of the origin and administration of the Nobel Foundation, together with a survey of the peace movement since 1896.

DIE ABRÜSTUNGSFONFERENZ IN GENF. By Curt Loosli and Walther Weibel. Zurich: Graetz, 1932, 283 pp. M. 2.

A collection of newspaper reports from Geneva by the correspondents of the *Neue Zürcher Zeitung*.

SECURITY BY DISARMAMENT. By G. Norman Robbins. London: Williams and Norgate, 1932, 128 pp. 3/6.

A forceful presentation of an argument no longer new.

SÉCURITÉ ET DÉSARMEMENT. By G. G. Tabacovici. Paris: Pedone, 1932, Fr. 30.

A review of the security and disarmament problems by a member of the Rumanian legislature.

FLOTTENABRÜSTUNG, KRIEGSÄCHTUNG UND REVISION. By Karl Hoffmann. Berlin: Arbeitsausschuss Deutscher Verbände, 1932, 103 pp.

The author is less concerned with the ideals of pacifism than with the need for the establishment of a new and improved balance of power.

FOLKEFORBUNDET OF DETS ARBEJDE. By C. J. Hambro. Oslo: Aschehoug, 1931, 140 pp. Kr. 4.00.

A review of the non-political activities of the League and the administrative organization, with some criticism of the latter.

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THE POLICIES OF THE BRITISH DOMINIONS IN THE LEAGUE OF NATIONS. By C. A. W. Manning. Geneva: Kundig, 1932, 159 pp.

A scholarly and well-balanced survey of the attitude and activity of the Dominions. One of the publications of the Graduate Institute of International Studies.

LA POLITIQUE FASCISTE ET LA SOCIÉTÉ DES NATIONS. By E. Reale. Paris: Pedone, 1932, 84 pp. Fr. 20.

The author, who is no friend of the Fascist régime, sets forth the incongruity of Fascist imperialism and the peace policies put forward at Geneva by the Fascist government.

LA POLITIQUE DE LA POLOGNE DANS LA SOCIÉTÉ DES NATIONS. By Alexandre Bregman. Paris: Alcan, 1932, 330 pp. Fr. 30.

A documented, systematic survey of Poland's participation in League affairs and the promotion of peace, as well as of the League's action in the Vilna, Danzig and other problems touching Poland. The book contains a full bibliography.

DAS VERHÄLTNIS DER FRANZÖSISCHEN BÜNDNISVERTRÄGE ZUM VÖLKERBUNDPAKT UND ZUM PAKT VON LOCARNO. By Friedrich Kraemer. Leipzig: Noske, 1932, 134 pp. M. 6.

The author concludes that the French post-war treaties are in several ways incompatible with the League Pact and the Locarno treaties.

INTERNATIONAL GUARANTEES OF MINORITY RIGHTS. By Julius Stone. New York: Oxford University Press, 1932, 288 pp. $4.25.

One of the best scholarly treatments of an important subject. The author deals almost exclusively with the legal aspects of the problem and more especially with the machinery provided by the Council of the League and its working. Reviewing the application of the minorities provisions in the last decade, the author comes to the conclusion that these provisions have by no means proved futile. On the other hand, he points out several weaknesses in the present arrangement and takes full account of the complaints made from various sides. He stresses the fact that conciliation rather than judicial decision has been the method followed and indicates that, despite the advantages of this procedure, advance must be sought in the extension of action through the courts.

DEMOKRACIE A OTÁZKA NÁRODNOSTNÍ. By Z. Fierlinger. Praha: Svaz Národního Osvobození, 1931, 338 pp. Kč. 30.

A critical analysis of nationalist theories, with special reference to minority problems.

VERBESSERUNG DES MINDERHEITENSCHUTZES GEGEN DEN WILLEN DER BETROFFENEN STAATEN? By Rudolf Camerer. Berlin: Dümmler, 1932, 64 pp. M. 4.

A technical discussion of the possibility and desirability of action counter to the desires of existing governments in the enforcement of protective measures for minorities.

General: Economic

WORLD DISORDER AND RECONSTRUCTION. By Hubert Blake. London: Allen and Unwin, 1932, 186 pp. 6/.

A lucid, concise presentation of the facts of the world crisis, with suggestions for monetary measures and price restoration.

A GUIDE THROUGH WORLD CHAOS. By G. D. H. Cole. New York: Knopf, 1932, 570 pp. $3.75.

For the layman this is undoubtedly one of the best general surveys and analyses of the present world crisis. The author, a man of socialist persuasion, ends with a strong plea for planning, whether under the capitalist or any other system.

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PERSPECTIVES ÉCONOMIQUES. By Giorgio Mortara. Milan: Boconi, 1932, 615 pp.

An Italian professor reviews the present situation, stressing its international aspects. A sane, perhaps over-cautious analysis.

CRISIS: THE MONETARY DRAMA. By Raymond Patenotre. London: Barker, 1932, 192 pp. 5/.

The title indicates that the author regards the crisis as primarily a monetary problem. He advocates remonetization of silver.

MONEY IN THE MELTING POT. By Hartley Withers. London: Sidgwick, 1932, 138 pp. 3/6.

A readable, non-technical presentation of the monetary aspects of the international depression.

REVOLUTION DER WELTWIRTSCHAFT. By L. Hausleiter. Munich: Knorr and Hirth, 1932, 307 pp. M. 5.20.

A popular survey of the evolution of world trade and modern industry, with some discussion of probable changes in the direction of planning.

AN INTRODUCTION TO INTERNATIONAL TRADE AND TARIFFS. By R. A. Hodgson. London: Pitman, 1932, 207 pp. 6/.

A conventional text.

DIE NEUINDUSTRIALISIERUNG DER ERDE UND IHRE AUSWIRKUNGEN AUF DEN EUROPÄISCHEN INDUSTRIE-KAPITALISMUS. By Eduard Wolf. Münster: Helios, 1931, 86 pp. M. 3.75.

A concise review of the spread of industrialism in non-European areas, and its effects on world economics. The book contains some interesting statistical material.

WAR DEBTS AND WORLD PROSPERITY. By Harold G. Moulton and Leo Pasvolsky. Washington: Brookings Institution, 1932, 498 pp. $3.00.

A careful detailed examination of the debt problem, including both inter-Allied war debts and reparations. The most complete and authoritative presentation of this complicated and controversial subject.

LA FRANCE ET LES COMPTES DE GUERRE ENTRE BERLIN ET WASHINGTON. By Paul Lefaivre. Paris: Nouvelle Librairie Française, 1932, Fr. 10.

A French diplomat shows how, through the machinations of international finance, the whole reparations problem was transformed into a huge duperie of France, the latter being deprived of her just due and forced to pay what she does not owe.

LE RÈGLEMENT DES DETTES INTERALLIÉES. By Lucien Petit. Paris: Berger-Levrault, 1932, 740 pp. Fr. 50.

The most exhaustive and one of the most competent systematic French histories of the reparations problem. The author covers the years 1919–1929.

DER FEIND DIKTIERT. By Friedrich Grimm. Hamburg: Hanseatische Verlagsanstalt, 1932, 98 pp. M. 2.

Reparations as seen from the German side.

LE RÔLE ÉCONOMIQUE DES UNIONS INTERNATIONALES DE PRODUCTEURS. By Jean Louis Costa. Paris: Sirey, 1932, Fr. 50.

The author sees great possibilities for the further developments of international cartels and trusts, if properly regulated. He studies regulation through governments, the League, consumers and workers organizations, etc.

THE WORLD'S STRUGGLE WITH RUBBER, 1905–1930. By James Cooper Lawrence. New York: Harper, 1932, 151 pp. $3.00.

The best general systematic study of the rubber problem and the evolution of international efforts for a solution.

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International Relations of the United States

ATLAS OF THE HISTORICAL GEOGRAPHY OF THE UNITED STATES. By Charles O. Paullin. New York: American Geographical Society, 1932, 145 pp. 166 plates, $15.00.

A notable and beautiful piece of work, overshadowing anything of the kind heretofore attempted. There are 166 plates and 145 pages of descriptive text, arranged under the following headings: The National Environment; Cartography; Indians; Explorations in the West and Southwest; Settlement, Population and Towns; States, Territories and Cities; Population; Colleges, Universities and Churches; Boundaries; Political Parties and Opinion; Industries and Transportation; Foreign Commerce; Distribution of Wealth; Plans of Cities; Military History; and Possessions and Territorial Claims. As may be seen, both economic and political aspects are given full treatment.

THE NATION AT WAR. By General Peyton C. March. New York: Doubleday, 1932, 415 pp. $3.00.

General March was chief of staff of the United States army in 1918, and his memoirs rank in importance with those of Foch, Pershing and Field Marshal Wilson. In compact form, General March gives his story of the organization and conduct of the war — not always the story, incidentally, told by his associates. The book is full of interesting material on the industrial mobilization, the transport problem, the draft, the supply system, and the conduct of operations as seen from Washington, to say nothing of side-lights on personalities and politics. General March writes not only with wide knowledge but with extraordinary frankness, and his book is easily one of the most important sources for the history of America's effort.

LONELY AMERICA. By Lothrop Stoddard. New York: Doubleday, 1932, 374 pp. $2.50.

Mr. Stoddard has to his credit a number of books that caused controversies in their day and presumably this volume too will make many an American stir uneasily in his chair. The book is much in the style of the author's other productions, well-informed, frank, somewhat sensational. It gives the recent history of American foreign policy, with special reference to Wilsonian internationalism, questions of indebtedness and the issues of disarmament. As the author sees it, we have gotten ourselves into a pretty mess, and are now alone in a predatory world. He prides himself on being a realist and does not hesitate to lay his color on in gobs in order to get the effects he desires.

INTERPRETATIONS, 1931–1932. By Walter Lippmann. Edited by Allan Nevins. New York: Macmillan, 1932, 372 pp. $2.50.

A collection of recent articles by America's foremost editorial writer. They deal with economic questions, with politics, and with many aspects of American foreign policy.

ARCHIBALD CARY COOLIDGE. By Harold Jefferson Coolidge and Robert Howard Lord. Boston: Houghton Mifflin, 1932, 368 pp. $4.50.

The life and letters of an American historian who played an influential rôle in international affairs as exchange professor at Paris and Berlin, head of the American mission in Central Europe during the Peace Conference, diplomatic member of the American Relief Commission in Russia in 1921–22, editor of Foreign Affairs, and adviser to many men in public office. A valuable and interesting addition to American biography.

HOOVER AND HIS TIMES. By Edwin Emerson. New York: Doubleday, 1932, 648 pp. $1.00.

Not only a biography of President Hoover, but a general, non-partisan study of contemporary America.

BEVERIDGE AND THE PROGRESSIVE ERA. By Claude Gernade Bowers. Boston: Houghton Mifflin, 1932, 634 pp. $5.00.

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A full-length study of the career of the late Senator from Indiana against the background of American politics in the twentieth century.

AMERICA, THE PHILIPPINES AND THE ORIENT. By Hilario Camino Moncada. New York: Revell, 1932, 214 pp. $2.00.

A plea for Philippine independence by the president of the Filipino Federation of America.

DIPLOMATIC RELATIONS BETWEEN THE UNITED STATES AND BRAZIL. By Lawrence Francis Hill. Durham: Duke University Press, 1932, 332 pp. $3.50.

A systematic scholarly review of relations since the war of independence.

JAPANESE IN THE UNITED STATES. By Yamato Ichihashi. Stanford: Stanford University Press, 1932, 436 pp. $4.00.

Easily the best scientific study of Japanese immigration and the condition of the Japanese in the United States. The book contains a valuable bibliography.

The World War

CRONOLOGIA DELLA GUERRA MONDIALE. By Amedeo Tosti. Rome: Tipografia Regionale, 1932, 223 pp. L. 25.

A chronology of events on all fronts, with synchronistic tables of military and political developments. The book has a good select bibliography.

SVĚTOVÁ POLITIKA V LETECH 1871–1914. By Josef Šusta. Praha: Vesmír, 1931, 444 pp.

The sixth volume, covering the years 1909 to 1914, of a large-scale history of world politics which comes close to being a general world history.

MEMOIRS OF PRINCE VON BÜLOW. Volume IV. Boston: Little, Brown, 1932, 710 pp. $5.00.

The fourth volume of Bülow's notable memoirs is chronologically the first. It covers the period prior to 1897, and contains much of interest on the Bismarckian period.

SOUVENIRS D'UN ATTACHÉ NAVAL EN ALLEMAGNE ET EN AUTRICHE, 1910–1914. By Admiral de Faramond. Paris: Plon, 1932, 232 pp.

A volume adding little to our knowledge of the facts, but containing vivid pictures of personalities, parties and movements of opinion in pre-war Germany and Austria. A readable book.

LA PAIX FRANÇAISE. By Henri de Jouvenel. Paris: Éditions des Portiques, 1932, 352 pp.

A well-known French publicist and statesman decries Article 231 of the peace treaty but sticks to the traditional French view on the origins of the war.

THE PERSONAL MEMOIRS OF JOFFRE. New York: Harper, 1932, two volumes, $6.00.

The Field Marshal's recollections have been long awaited. Volume I opens with his appointment to the War Board in 1910, and carries the story through the autumn of 1914. Volume II is an account of the "war of stabilization" (in contrast to the earlier "war of movement"), down to Joffre's resignation in 1916. The work, which is of particular importance for the study of the Marne campaign, should of course be read in connection with Foch's reminiscences.

CINQUE CAPI NELLA TORMENTA E DOPO. By Alberto Lumbroso. Milan: Agnielli, 1932, 446 pp. L. 25.

Well-informed and clever studies of Cadorna, Diaz and other Italian leaders.

LES ARMÉES FRANÇAISES DANS LA GRANDE GUERRE. Tome II. Paris: Imprimerie Nationale, 1932, 728 pp. annexes, maps.

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The second volume of the French official history of the war covers the period from November 14, 1914, to May, 1915.

CHARLEROI, AOÛT, 1914. By General J. Rouquerol. Paris: Payot, 1932, 212 pp. Fr. 20.

A study of the causes for the French reverses in the battles of the frontiers in 1914.

THEIR SECRET PURPOSES. By Hector C. Bywater. London: Constable, 1932, 321 pp. 10/6.

A collection of essays and studies on various aspects of the naval intelligence service during the war, and on general problems of sea-power.

SPIES IN THE GREAT WAR. By Edwin T. Woodhall. London: Long, 1932, 251 pp. 12/6.

Adventures in the Allied secret service.

MES SOUVENIRS SUR L'OCCUPATION ALLEMANDE EN BELGIQUE. By Auguste Vierset. Paris: Plon, 1932, Fr. 30.

The author was secretary to the burgomaster of Brussels and gives an intimate picture of life during the German occupation.

VON PATER PHILIPPART, VON CARDINAL MERCIER UND VON ANDEREN UN-BEKANNTEN SOLDATEN. By Carl Hermann. Tübingen: Verein für Kriegsschuldforschung, 1932, 120 pp.

A German intelligence officer discusses the trial of Philippart and other evidence regarding the use of the Jesuit Order by the French secret service.

DIE ANDEREN WAFFEN. By J. C. Silber. Breslau: Korn, 1932, 303 pp. M. 4.80.

A straightforward and unsensational account of the British intelligence service, by a German spy who worked in the censorship bureau of the British postoffice.

EYEWITNESS. By Major-General Sir Ernest D. Swinton. London: Hodder and Stoughton, 1932, 321 pp. 25/.

The most important part of this book is the account of the invention and development of the tank and the tank service, of which the author was the originator.

THE CONCISE HISTORY OF THE DOVER PATROL. By Admiral Sir R. H. Bacon. London: Hutchinson, 1932, 320 pp. 12/6.

A revised and condensed edition of a work first published in 1919. Intended as a corrective to the official history.

TIGRIS GUN-BOATS. By Vice-Admiral Wilfrid Nunn. London: Melrose, 1932, 288 pp. 18/.

The story of the naval action in Mesopotamia down to the time of the capture of Baghdad, by the commanding officer.

DEATH OF A FLEET, 1917–1919. By Paul Schubert and Langhorne Gibson. New York: Coward-McCann, 1932, 288 pp. $3.00.

An eyewitness's account of the mutiny in the German fleet and the final sinking of the German squadrons at Scapa Flow.

DIE FRIEDENSVERMITTLUNG PAPST BENEDIKT XV UND IHRE VEREITLUNG DURCH DEN DEUTSCHEN REICHSKANZLER MICHAELIS. By Friedrich Ritter von Lama. Munich: Kösel, 1932, 310 pp. M. 5.80.

An important and well-informed study of the Papal peace efforts from August to September 1917. The author holds that a peace on the basis of the *status quo* was still possible, but that it was prevented by the demands of the German annexationists.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Western Europe

THE NEW BALANCE OF POWER IN EUROPE. By Valentine de Balla. Baltimore: Johns Hopkins Press, 1932, 205 pp. $2.00.

It is remarkable that there has been so little attempt to analyze the present distribution of power between the European nations. This is a serious if rather brief effort to evaluate the forces of the post-war international alignments. The author takes up the two great groups of powers, the revisionist group and the group championing the *status quo*. He discusses the relative firmness of these combinations and the chances of their functioning in a crisis. He examines in detail their military resources, and in less detail their economic and financial potentialities. The information on these points is, of course, very incomplete and it may be dangerous to draw far-reaching conclusions from it. But in gathering and digesting much scattered material the present book performs a very useful task.

NOT TO BE REPEATED. New York: Long and Smith, 1932, 531 pp. $3.00.

A series of anonymous articles by European writers interpreting transatlantic affairs for the American public.

DIE NIEDERLÄNDISCHE WÄHRUNG. By Alexander Solz. Frankfurt: Blazek, 1932, 92 pp. M. 3.50.

A scientific account of the Dutch currency from 1914 to 1925.

HISTOIRE MILITAIRE DES BELGES. By Charles Terlinden. Brussels: Renaissance du Livre, 1931, 399 pp.

A competent and thoroughly patriotic military history of the Belgians from the time of Caesar to 1918.

THE EVOLUTION OF THE FRENCH PEOPLE. By Charles Seignobos. New York: Knopf, 1932, 409 pp. $4.25.

The work of an eminent French historian and teacher, this general survey, intended primarily for American students, gives a good picture of French development, with stress on social and cultural aspects.

AU DESSUS DU RESSENTIMENT FRANCO-ALLEMAND. By Carmen Ennesch. Paris: L'Eglantine, 1932, Fr. 10.

A plea for rapprochement and for an eventual European union for peace.

ÉDOUARD HERRIOT, ÉCRIVAIN ET HOMME D'ÉTAT. By Pierre Grosclaude. Paris: La Caravelle, 1932, Fr. 10.

A general popular sketch of the French Premier.

GENIO DE ESPAÑA. By E. Giménez Caballero. Madrid: Gaceta Literaria, 1932, 341 pp. Pes. 5.

The prerequisites for a Spanish national revival.

UN AÑO HISTÓRICO. By Rafael Sánchez-Guerra. Madrid: Compañía Ibero-Americana, 1932, 218 pp. Pes. 5.

The Spanish revolution seen through the eyes of one of the leaders.

LA CAÍDA DE ALFONSO XIII. By Julián Cortés Cavanillas. Madrid: Gráfica Universal, 1932, 330 pp. Pes. 6.

A systematic account of the fall of the Spanish monarchy.

PROCESO HISTÓRICO DE LA CONSTITUCIÓN DE LA REPÚBLICA ESPAÑOLA. By Luis Jiménez de Asúa. Madrid: Reus, 1932, 527 pp. Pes. 10.

The best scholarly study of the constitutional evolution of modern Spain, with special reference to the new constitution.

LA NOUVELLE CONSTITUTION EN ESPAGNE. By Adolfo Posada. Paris: Sirey, 1932, 296 pp. Fr. 32.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A competent historical and analytical treatment of the new constitution, by the dean of the law faculty at the University of Madrid.

LA IGLESIA CONTRA EL PODER CIVIL. By F. Caravaca and A. Orts-Ramos. Barcelona: Publicaciones Mundial, 1932, 253 pp. Pes. 4.

A strong indictment of the church and its political rôle.

LA POLITICA ESTERA FASCISTA. By C. Camoglio. Rome: Libreria Internazionale, 1932, 213 pp. L. 10.

A brief statement of Fascist foreign policy as seen from the Fascist standpoint.

IL CONCETTO FASCISTA DI PACE. By Pietro Landini. Pistoia: Pacinotti, 1932.

The author explains that desire for revision of the treaties does not mean desire for war, but that peace is possible only on the basis of moral disarmament, a higher justice and a reduction of armaments.

L'ITALIA E LA NUOVA TURCHIA. By U. Bassi. Modena: Bassi and Nipoti, 1932, 56 pp. L. 3.

A brief popular review of Italian relations with the new Turkey.

OTTO VON HABSBURG. By Karl Freiherr von Werkmann. Berlin: Hoger, 1932, 303 pp. M. 7.

An illustrated study of the young Hapsburg pretender, by a man who was secretary to the last emperor.

THE LIFE OF THE EMPEROR CHARLES OF AUSTRIA. By Herbert Vivian. London: Grayson, 1932, 310 pp. 18/.

An undocumented, strongly partisan account of the Emperor Charles, said to be based on the Hapsburg family papers.

BUNDESSTAATSBEGRIFF UND OESTERREICHISCHE BUNDESREPUBLIK. By H. Waldhausen. Greifswald: Bamberg, 1932, 95 pp. M. 2.70.

Despite the ponderous title this is hardly more than an outline of the Austrian federal system.

BEKENNTNIS ZU OESTERREICH. Edited by Friedrich Heiss and A. H. Ziegfeld. Berlin: Volk und Reich, 1932, 102 pp. M. 3.

A collection of papers on the development of Austria since 1918, her relation to Germany, to Middle Europe, to a projected Danubian system, etc.

TOTE ODER LEBENDIGE SCHWEIZ? By Paul Lang. Zurich: Rascher, 1932, 162 pp. M. 4.

A critique of exaggerated democracy and the stagnation resulting from Switzerland's neutral status.

DIE DEUTSCHE NATIONALVERSAMMLUNG, 1919–1920. By W. Ziegler. Berlin: Zentralverlag, 1932, 372 pp. M. 12.50.

The best nonpartisan and scholarly treatment of the Weimar Assembly and the making of the constitution.

DAS SCHULDBUCH DER REPUBLIK. By Reinhold Wulle. Leipzig: Fleischer, 1932, 302 pp. M. 2.85.

An unfriendly review of the achievements of republicanism in Germany.

WELTKRIEG GEGEN DEUTSCHE WIRTHSCHAFT. By Carl Rothe. Hamburg: Hanseatische Verlagsanstalt, 1932, 199 pp. M. 3.

A well-informed but one-sided account of the economic war against Germany since the beginning of the World War.

DER DEUTSCHE AUSSENHANDEL UNTER DER EINWIRKUNG WELTWIRTSCHAFTLICHER STRUKTURWANDLUNGEN. Berlin: Mittler, 1932, two volumes, M. 33.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

An immense collection of material on the history of German trade in the recent period. Prepared for the Institute for World Economics at Kiel.

L'ÉTAT ACTUEL DES ARMÉMENTS ALLEMANDS. By P. Pilant. Paris: Querelle, 1932, Fr. 10.

Like other French writers the present author finds the German armaments very extensive.

HINDENBURG DER DEUTSCHE. By Walter Bloem. Berlin: Hobbing, 1932, 380 pp. M. 11.40.

A German novelist sees Hindenburg as the embodiment of the German struggle for unity.

DAS KABINETT PAPEN-SCHLEICHER-GAYL. By Walther Schotte. Leipzig: Kittler, 1932, 91 pp. M. 1.80.

A popular study of the dictatorial triumvirate.

DEUTSCHLAND IM SCHMELZOFEN. By Hans P. Ehrenberg. Berlin: Furche Verlag, 1932, 182 pp. M. 4.20.

An able review of the forces, movements and decisive events in recent German history.

ORDRE ET DÉSORDRE. By Jacques Richard Grein. Paris: Tallandier, 1932, Fr. 18.

Contemporary Germany as viewed by a Frenchman with a Goethean spirit of broad humanity.

ALLEMAGNE, SOCIÉTÉ À RÉSPONSABILITÉ LIMITÉE. By Hermann Jaques. Paris: Revue Mondiale, 1932, Fr. 12.

A French journalist surveys the German scene, stressing the element of uncertainty.

LE NATIONAL-SOCIALISME. By René Laurent. Paris: Hachette, 1932, Fr. 17.50.

A fair account of the situation out of which Hitlerism arose, and of the ideology, persons, programs and propaganda that lie behind it.

DER SLAWISCHE GÜRTEL UM DEUTSCHLAND. By Max Hodann. Berlin: Universitas, 1932, 310 pp. M. 10.

A general survey of German relations with Czechoslovakia and Poland, with some good illustrations.

DAS DEUTSCHTUM IN SÜDTIROL. By Wilhelm Rohmeder. Munich: Lehmann, 1932, 218 pp. M. 5.

Their volume repeats a familiar theme. It contains an admirable linguistic chart.

Eastern Europe

NÁRODNÍ MENŠINY A ČESKOSLOVENSKO. By Z. Peška. Bratislava: Řivnáč, 1932, 233 pp.

National minorities and the Czechoslovak state.

HRANICE MEZI ZEMÍ MORAVSKOZLEZSKOU A SLOVENSKAM. By Jan Hůsek. Praha: Slovanský Ústav, 1932, 378 pp. Kč. 40.

A documented sociological, economic and political study of the Moravian-Slovak border. The author aims to determine the influence of Hungarian domination on the ethnical characteristics of the Slovaks.

L'EFFORT YOUGOSLAVE. By Pierre Jaquin. Paris: Alcan, 1932, 180 pp.

A useful compendium of information, with not particularly discriminating comment.

WALKA O WOLNOŚĆ I POTĘGĘ POLSKI. By W. Kwiatkowski. Lemberg: 1932, 199 pp.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A study of the struggle for Polish independence, from the revolution of 1863 to the present time.

WALKA ZBROJNA O NIEPODLEGLOŚĆ POLSKI. By W. Lipinski. Warsaw: 1931, 444 pp.

A detailed account of the armed struggle for Polish independence, from 1905 to 1918.

L'AUTRE POLOGNE. By Louis Duffort. Paris: Revue Mondiale, 1932, Fr. 15.

A conventional picture of daily life in the new Poland.

LA SILÉSIE POLONAISE. Paris: Gebethner and Wolff, 1932, 328 pp.

A collection of addresses on the history, geography, demography and economic life of Upper Silesia, by eminent French and Polish scholars. The volume includes a detailed study of the plebiscite by Smorgorzewski, and has also an extended bibliography, maps and illustrations. This is the best presentation of the subject from the Polish standpoint.

MEDŽIAGA VILNIAUS GINČO DIPLOMATINEI ISTORIJAI. By J. Urbšys. Kaunas: 1932.

A collection of materials for the history of the Vilna dispute.

LITUANI DI IERI E DI OGGI. By G. I. Salvadori. Bologna: Cappelli, 1932, 189 pp. L. 12.

A good illustrated survey of present-day Lithuania.

THE BOLSHEVIKS IN THE TSARIST DUMA. By A. Badayev. London: Lawrence, 1932, 250 pp. 7/6.

An interesting and important contribution to the pre-war history of the Bolshevik Party.

GESCHICHTE DES BOLSHEWISMUS. By Arthur Rosenberg. Berlin: Rowohlt, 1932, 239 pp. M. 4.80.

The author, well-known for his excellent history of the German Republic, here reviews the history of Bolshevism from the times of Karl Marx to the present.

V. I. LENIN. By V. G. Sorin. Moscow: Marx-Engels-Lenin Institute, 1932, 108 pp.

A short popular biography.

GRASHDANSKAIA VOINA. By A. V. Golubev. Moscow: Gosizdat, 1932, 221 pp.

A brief general history of the civil war and the counter-revolution, taking account of recent researches.

AN ECONOMIC HISTORY OF SOVIET RUSSIA. By Lancelot Lawton. London: Macmillan, 1932, two volumes, 25/.

Based largely upon Soviet material. One of the most extensive treatments of the subject, packed with information but showing an anti-Bolshevik bias.

RED RUSSIA. By Theodor Seibert. New York: Century, 1932, 418 pp. $3.00.

Soviet Russia as seen by a German journalist who was there from 1925 to 1929. The volume contains some interesting pictures of conditions, but shows the irreconcilable hostility of the author.

MYŚL W OBCEGACH. By Stanislaw Mackiewicz. Vilna: Księgarnia Św. Wojciecha, 1932, 137 pp.

A psychological study of Bolshevik society.

LE ALTERNATIVE DI STALIN. By Ugo D'Andrea. Milan: Treves, 1932, 174 pp. L. 12.

A collection of articles and newspaper correspondence, stressing the fundamentally communist character of the régime despite all superficial departures.

BOLŠEVISMUS V PŘERODU. By Jan Slavík. Praha: Melantrich, 1932, 142 pp. Kc. 15.

An historical and sociological study of the theories and practices of Bolshevism.

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IMPRESSIONS DE RUSSIE. By Auguste Vermeylen. Paris: L'Eglantine, 1932, Fr. 12.

An unpretentious and very frank volume, by the rector of the University of Ghent.

KOLONISATION ODER ZERSTÖRUNG? By Hermann Ullmann. Munich: Callwey, 1932, 129 pp. M. 1.80.

A brilliant and able essay on modern Russia by an author who views the five year plan as a purely Russian affair, the expression of Russian needs and conditions quite apart from all Bolshevik theory.

RADIKALE POLITIK. By W. von Schramm. Munich: Duncker and Humblot, 1932, 108 pp. M. 2.80.

Primarily an attempt to put Bolshevism into its larger philosophical and historical setting.

THE SOVIET WORKER. By Joseph Freeman. New York: Liveright, 1932, 415 pp. $2.50.

A sympathetic survey of the evolution of the Russian laboring classes from 1917 to the present.

ISTORIJA UKRAINY, 1917–1923 gg. By D. Dorošenko. Užhorod: Nakladom Dra Osypa Cupky, 1932, 458 pp.

The first volume of an extended history of the modern Ukraine, covering the period of the Central Rada.

DIE VERFASSUNGSRECHTLICHE UND POLITISCHE STRUKTUR DES RUMÄNISCHEN STAATES. By Ernst Schmidt. Munich: Reinhardt, 1932, 156 pp. M. 5.50.

A good historical study of the constitutional and political régime in Rumania, designed as an introduction to a study of the position of the Germans in the country.

STUDII DE POLITICĂ ECONOMICĂ EXTERNĂ A ROMÂNIEI. By A. Hallunga. Bucarest: 1932, 176 pp.

Chiefly discussions of Rumania's position in world trade and economics, in a possible Danubian bloc, etc.

ČTENÍ O MAKEDONII. By L. Kuba. Praha: Družstevní Práce, 1932, 225 pp.

An illustrated volume of travel and study in Macedonia in the years 1925–1927.

DIE BEZIEHUNGEN ZWISCHEN GRIECHENLAND UND DER TÜRKEI VON 1820–1930. By Karl Strupp. Breslau: 1932, 158 pp. M. 6.50.

A reprint of articles in the *Zeitschrift für Völkerrecht*. The author, an eminent German jurist, reviews the whole history of Greek-Turkish relations in the 19th and 20th centuries.

GRIECHENLAND UND DER NAHE OSTEN. By Erich Pistor. Vienna: Fiba, 1932, 327 pp. M. 9.80.

A travel book of high order, written by one well grounded in the history and culture of the Near East.

The British Commonwealth of Nations

BRITISH GOVERNMENT FINANCE. By John W. Hills and E. A. Fellowes. New York: Columbia University Press, 1932, 218 pp. $2.75.

A revised and enlarged edition of a handbook first published in 1925. The author was formerly secretary to the British Treasury.

THE G. H. Q. OF £. s. d. By Sir John Wardlaw-Milne. London: Cassell, 1932, 130 pp. 3/6.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

An able critique of recent British financial policy, with some discussion of world problems such as reparations, debts, disarmament, etc.

MONTAGUE NORMAN. By Paul Einzig. London: Routledge, 1932, 10/6.
A preliminary study of the British financier and his influence on British economic and foreign policy by an author rather inclined to pose as knowing the "inside" story of everything.

SPEECHES AND DOCUMENTS ON THE BRITISH DOMINIONS, 1918–1931. Edited by Arthur Berriedale Keith. New York: Oxford University Press, 1932, 549 pp. 2/.
A handy collection of important primary material for the study of the British Commonwealth.

I DOMINIONS BRITANNICI E LE CONFERENZE IMPERIALI. By R. Casali. Padua: Cedam, 1932, 465 pp. L. 100.
An exhaustive scholarly monograph on the imperial conferences and the evolution of the present Commonwealth.

WITH DE VALERA IN AMERICA. By Patrick McCartan. New York: Brentano, 1932, 298 pp. $3.00.
A record of the activity of the Irish emissaries sent to work for the recognition of the Irish Republic in the years 1917–1921.

OUTRAGED ULSTER. By C. J. O'Donnell. London: Palmer, 1932, 136 pp. 2/.
An Ulster Catholic's indictment of religious discrimination which, he argues, only strengthens the extremism of De Valera in the South.

YEARS OF DESTINY, 1926–1932. By J. Coatman. London: Cape, 1932, 384 pp. 10/6.
On the whole one of the best studies of Indian affairs in the past few years. The author was attached to the Round Table Conference and is a well-informed person. He regards Gandhi as a "dangerous sham" and defends the policy of the viceroy.

TRUTH ABOUT INDIA: CAN WE GET IT? By Verrier Elwin. London: Allen and Unwin, 1932, 106 pp. 2/6.
The case of Gandhi against the government. A decidedly partisan account.

THE INDIAN RIDDLE: A SOLUTION SUGGESTED. By John Coatman. London: Toulmin, 1932, 72 pp. 2/6.
The author suggests that the viceroy's executive council be enlarged to twelve men, four British, three from the native states and five from British India, the council then to establish a federation of all India.

MODERN INDIA THINKS. Edited by K. R. Luckmidas. London: Kegan Paul, 1932, 317 pp. 12/.
A symposium of suggestions and solutions for current problems.

A LETTER FROM INDIA. By Edward Thompson. London: Faber, 1932, 162 pp. 5/.
A well-informed and sometimes brilliant analysis of conditions and problems, with keen criticism of British policy.

GATE-KEEPERS OF INDIA. By Jai Krishna Chowdhry. Lahore: Rama Krishna, 1932, 321 pp. Rs. 4.
An historical and political study of the Afghan-Indian frontier.

A CEYLON COMMENTARY. By P. R. Smythe. London: Williams and Norgate, 1932, 184 pp. 6/.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Unvarnished observations on conditions and tendencies in modern Ceylon, from an experienced British official.

AUSTRALIEN, NEUSEELAND UND OZEANIEN. By Walter Geisler. Berlin: Zentralverlag, 1932, 96 pp.

One of the volumes in the series *Weltpolitische Bücherei*. A good popular introduction, with considerable discussion of economic and immigration policies.

The Near East

WHITHER ISLAM? Edited by H. A. R. Gibb. London: Gollancz, 1932, 384 pp. 15/.

Surveys of new tendencies in Africa, Egypt, the Near East, India and Indonesia, by eminent European scholars.

LE COSTITUZIONI DEGLI STATI DEL VICINO ORIENTE. By A. Giannini. Rome: Istituto per l'Oriente, 1932, 470 pp. L. 50.

A competent collection of constitutions in the Near East, with historical introductions and commentary.

VIAGGIO IN TURCHIA. By C. Alvaro. Milan: Treves, 1932, 225 pp. L. 15.

A good travel book on Turkey.

AMANULLAH, EX-KING OF AFGHANISTAN. By Roland Wild. London: Hurst, 1932, 288 pp. 12/6.

A racy and lurid account of the career of the late King.

The Far East

THE FUTURE OF EAST AND WEST. By Sir Frederick Whyte. London: Sidgwick, 1932, 180 pp. 3/6.

An essay in the series "World Problems of Today," in which a well-known publicist analyzes the impact of the West upon India, China and Japan.

THE NEW CRISIS IN THE FAR EAST. By Stanley High. New York: Revell, 1932, 127 pp. $1.00.

Primarily a study of Christianity and the forces opposing it in the Far East.

L'ORIENT ET NOUS. By Leopold Levaux. Paris: De Brouwer, 1932, 380 pp. Fr. 25.

The author is concerned chiefly with the status of Catholicism in China, the religious aspect of the work of Gandhi and Tagore, and the possibilities of a rapprochement of East and West through deeper understanding.

ERWACHENDES ASIEN. By Paul Rohrbach. Munich: Bruckmann, 1932, 269 pp. M. 4.80.

The travel impressions of a well-known German writer of the pre-war period. He deals chiefly with political and cultural movements in India, China and Japan.

LIVING ISSUES IN CHINA. By Henry T. Hodgkin. London: Allen and Unwin, 1932, 218 pp. 5/.

Chinese problems viewed from a religious angle, by one who was for twelve years a medical missionary.

NATIONALISM AND EDUCATION IN MODERN CHINA. By Cyrus H. Peake. New York: Columbia University Press, 1932, 254 pp. $3.00.

An interesting contribution to the study of Chinese developments. The author reviews the evolution of Chinese education since about 1860, showing the effect of the new nationalist teaching. He analyzes the textbooks commonly used to see how much nationalist propaganda there is in them, and expounds the theories of education current among the intelligentsia of the present day.

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HISTOIRE DIPLOMATIQUE DE LA CHINE DEPUIS 1919. By P. Wou. Paris: Rousseau, 1932, 331 pp. Fr. 60.

A competent study, dealing almost entirely with the question of treaty revision and the progress made to date. There is a useful bibliography.

DOKUMENTI IZ ISTORII IAPONSKOI INTERVENTSII NA DALNEM VOSTOKE. Edited by N. F. Nasimovič. Moscow: Gosizdat, 1931, 64 pp.

A collection of material on Japanese intervention in the Far East in the years 1918–1922.

À QUI LA MANDCHOURIE? By Roger Levy. Paris: Pedone, 1932, 280 pp. Fr. 20.

A general survey of the Manchurian problem in its recent phases.

JAPAN AFTER THE GOLD BAN REMOVAL. By Takeo Aono. London: Kegan Paul, 1932, 114 pp. 7/6.

A technical study of recent Japanese financial policy.

DE NATIONALISTISCHE BEWEGING IN NEDERLANDSCH INDIË. By J. T. Petrus Blumberger. Haarlem: Tjeenk Willnik, 1931, 462 pp.

Written by a Dutch official, this is the best general history of intellectual currents, communist influence, political conflicts, etc., in the East Indies from 1907 to the present.

Latin America

HISTORICAL EVOLUTION OF HISPANIC AMERICA. By James Fred Rippy. New York: Crofts, 1932, 597 pp. $3.75.

A general text for use in American colleges.

DIE FOEDERALISTISCHEN STAATSVERFASSUNGEN LATEINAMERIKAS. By Carl G. Cornelius. Berlin: Vahlen, 1932, 88 pp. M. 4.40.

A bird's-eye view of the Latin American constitutions and their historical development.

LIBERTY: THE STORY OF CUBA. By Horatio S. Rubens. New York: Brewer, 1932, 447 pp. $2.50.

Cuba's struggle for independence, told by the sole survivor of the revolutionary *iunta.*

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SOURCE MATERIAL

By Denys P. Myers

PUBLIC DOCUMENTS OFFICIALLY PRINTED

Documents may be procured from the following: *United States:* Gov't Printing Office, Superintendent of Documents, Washington, D. C. *Great Britain:* British Library of Information, 270 Madison Ave., New York. *France:* Gerda M. Anderson, 12 Ave. Ernest Reyer, Paris XIVe. *League of Nations, Int. Labor Office, Perm. Court of Int. Justice and International Institute of Agriculture:* World Peace Foundation, 40 Mt. Vernon St., Boston. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted. Since 1928 a list of national Government documents has been printed in the *Monthly List of Books Catalogued in the Library of the League of Nations.*

ARBITRATION AND CONCILIATION

ARBITRATION between the United States and Sweden Under Special Agreement of December 17, 1930. The "Kronprins Gustaf Adolf" and the "Pacific." Statement of Case of the United States with Appendices and Exhibits. Washington, 1932. 334 p. 23¼ cm. (The Department of State, Arbitration Series No. 5 (1); Publication No. 358.)

ARBITRATION. Treaty between the United States of America and Egypt. Signed at Washington, August 27, 1929. Washington, 1932. 3 p. 23¼ cm. (Treaty Series, No. 850.) 5 cents.

ARBITRATION and Conciliation. Treaty between the United States of America and Switzerland. Signed at Washington, February 16, 1931. Washington, 1932. 7 p. 23¼ cm. (Treaty Series, No. 844.) 5 cents.

CONCILIATION. Treaty between the United States of America and Egypt. Signed at Washington, August 27, 1929. Washington, 1932. 3 p. 23¼ cm. (Treaty Series, No. 851.) 5 cents.

MODIFYING the Terms of Article II of the Treaty to Advance the Cause of General Peace of May 5, 1914. Treaty between the United States of America and Italy. Signed at Washington, September 23, 1931. Washington, 1932. 4 p. 23¼ cm. (Treaty Series, No. 848.) 5 cents.

SHUFELDT Claim. Claim of the United States of America on behalf of P. W. Shufeldt v. The Republic of Guatemala. Washington, 1932. xv, 911+p. 23¼ cm. (The Department of State, Arbitration Series No. 3, Publication No. 343.) $1.50.

AGREEMENT between His Majesty's Government in the United Kingdom and the German Government regarding the DISSOLUTION of the ANGLO-GERMAN MIXED ARBITRAL TRIBUNAL, With Exchange of Notes, London, July 26, 1932. London, 1932. 5 p. 24½ cm. (Treaty Series No. 26 (1932). Cmd. 4160.) 1d.

CENTRAL AMERICA—DOCUMENTS

LIBRARY of Congress. The Memorias of the Republics of Central America and of the Antilles, by James B. Childs, Chief, Catalog Division, formerly Chief, Division of Documents. Washington, 1932. 170 p. 23¼ cm.

COURT OF INTERNATIONAL JUSTICE, PERMANENT

EIGHTH Annual Report of the Permanent Court of International Justice (June 15, 1931–June 15, 1932). 488 p. 24½ cm. (Series E, No. 8.)

INTERPRETATION of the Statute of the Memel Territory. Permanent Court of International Justice. XXVth Session. JUDGMENT of August 11, 1932. Leyden, 1932. 294–360 double p. 25½ cm. (Series A/B. Fascicule No. 49.)

LEGAL STATUS of the South-Eastern Territory of Greenland. Permanent Court of International Justice. XXVth Session. ORDERS of August 2 and 3, 1932. Leyden, 1932. 267–289 double p. 25½ cm. (Series A/B. Fascicule No. 48.)

DAIRYING

NINTH INTERNATIONAL Dairy Congress held in Denmark, July 1931. Report of the Delegation of the United States to the Secretary of State. Washington, 1932. 132 p. 23¼ cm. (The Department of State, Conference Series, No. 11, Publication No. 371.) 15 cents.

The Department of State is including, where feasible, in this Conference Series reports concerning international conferences to which the United States Government sends accredited delegations. Hitherto such reports, if published, have been issued under various auspices.

ECONOMIC COUNCILS, AGREEMENTS

REVIEW of the Economic Councils in the Different Countries of the World. Prepared for the Economic Committee by Dr. Elli Lindner. Geneva, 1932. 105 p. 26½ cm. (League of Nations, C. 626. M. 308. 1932. II. B. 10.)

SECTION of Economic Relations. Review of the New Legislation Concerning Economic Agreements (Cartels, etc.) in Germany and Hungary. Prepared for the Economic Committee by Dr.

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Siegfried Tschierschky. Geneva, 1932. 52 p. 26½ cm. (League of Nations, E. 529 (1) (a). 1932. II. B. 9.)

EXCHANGE AND TARIFF

DEPRECIATED EXCHANGE. Statistics of IMPORTS into the United States. Letters from the Chairman and Acting Chairman of the United States Tariff Commission transmitting in response to Senate Resolution No. 156 certain preliminary data relative to the effect of the depreciation in value of foreign currencies upon the importation into the United States of important commodities. Washington, 1932. 225 p. 23¼ cm. (Sen. Doc. No. 90, 72d Cong., 1st sess.)

———. AD VALOREM Equivalents of Specific Rates of Duty. Letter from the Chairman of the United States Tariff Commission transmitting in further response to Senate Resolution No. 156 data relative to the ad valorem equivalents of specific rates of duty in 1930 and in 1932 under the Tariff Act of 1930. Washington, 1932. v, p. 227–349. 23¼ cm. (Sen. Doc. No. 90, Part 2, 72d Cong., 1st sess.)

———. Statistics of EXPORTS from the United States. Letter from the Chairman of the United States Tariff Commission transmitting in further response to Senate Resolution No. 156 data relative to the effect of the depreciation in value of foreign currencies upon the exportation from the United States of important commodities. Washington, 1932. vii, p. 350–514. 23¼ cm. (Sen. Doc. No. 90, Part 3, 72d Cong., 1st sess.)

FOREIGN GEOGRAPHIC NAMES

UNITED STATES Geographic Board. First Report on Foreign Geographic Names 1932. Prepared by the Committee on Foreign Geographic Names. Washington, 1932. 113 p. 23¼ cm.

IMPERIAL ECONOMIC CONFERENCE

IMPERIAL ECONOMIC CONFERENCE at Ottawa 1932. Summary of Proceedings and Copies of Trade Agreements . . . London, 1932. 95 p. 24½ cm. (Cmd. 4174.) 1s. 6d.

IMPERIAL ECONOMIC CONFERENCE at Ottawa 1932. Appendices to the Summary of Proceedings (in continuation of Cmd. 4174). London, 1932. 205 p. 24½ cm. (Cmd. 4175.) 3s. 0d.

Imperial Economic Conference 1932. CORRESPONDENCE Relating to the Importation of Canadian Store Cattle into the United Kingdom and the Importation of United Kingdom Pedigree Stock into Canada. Ottawa, F. A. Acland, 1932. 7 p. 25 cm. 10 cents.

Imperial Economic Conference 1932. REPORT of the Conference. (This includes the report of the PROCEEDINGS of the Conference, together with Annexes I, II, III and IV. Annex V including the texts of the Trade Agreements concluded during the Conference will be published later as a supplementary volume.) Ottawa, F. A. Acland, 1932. 159 p. 25 cm. 50 cents.

Imperial Economic Conference 1932. REPORT of the Conference. Supplementary Volume (Annex V including the TEXTS of the Trade Agreements concluded during the Conference). Ottawa, F. A. Acland, 1932. 82 p. 25 cm. 50 cents.

NOVA SCOTIA. The Imperial Economic Conference Report on Labor Conditions in the Woods, Forest Inventory, Duration of Supply, Forest Industries and the English Market by the Department of Lands and Forests, Province of Nova Scotia. Halifax, 1932. 39 p. 31 cm.

LOAD-LINE CERTIFICATES

EXCHANGE of Notes between His Majesty's Government in the UNITED KINGDOM and the SPANISH GOVERNMENT in regard to the Reciprocal Recognition of Load-Line Certificates, London, May 26, 1932. London, 1932. 7 p. 24½ cm. (Treaty Series No. 23 (1932). Cmd. 4136.) 2d.

RECIPROCAL Recognition of Load-Line Certificates. Arrangement between the UNITED STATES OF AMERICA and BELGIUM. Effected by Exchange of Notes Signed October 7, 1931, February 4, 1932, and April 19, 1932. Washington, 1932. 7 p. 23¼ cm. (Executive Agreement Series No. 40.) 5 cents.

RECIPROCAL Recognition of Load-Line Certificates. Arrangement between the UNITED STATES OF AMERICA and SWEDEN. Effected by Exchange of Notes Signed January 27 and June 1, 1932. Washington, 1932. 4 p. 23¼ cm. (Executive Agreement Series, No. 35.) 5 cents.

MANDATES

ANNUAL Report to the League of Nations on the Administration of the South Sea Islands under JAPANESE Mandate for the Year 1931. vi, 211 p. map. 33 cm.

MANDATES. Report of the Commission entrusted by the Council with the Study of the Frontier between SYRIA and IRAQ. Geneva, 1932. 43 p. maps. 33 cm. (League of Nations, C. 578. M. 285. 1932. VI. A. 1.)

RAPPORT à la Société des Nations sur la Situation de la SYRIE et du LIBAN (Année 1931). Paris, Imprimerie Nationale, 1932. xv, 214 p. (République Française, Ministère des Affaires Étrangères.)

REPORT by His Majesty's Government in the United Kingdom of Great Britain and Northern

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Ireland to the Council of the League of Nations on the Administration of 'Iraq for the Year 1931. London, 1932. 128 p. map. 24½ cm. (Colonial No. 74.) 4s. 6d.

The last annual report before the cessation of the mandated status by the admission of 'Iraq as a member of the League of Nations.

REPORT by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of Tanganyika Territory for the year 1931. London, 1932. 128 p. map. 24½ cm. (Colonial No. 71.) 4s. 6d.

NEW HEBRIDES

EXCHANGE of Notes between His Majesty's Government in the United Kingdom and the French Government amending the Regulations Approved by the Exchange of Notes of August 29, 1907, in regard to the New Hebrides, Paris, December 15, 1931. London, 1932. 13 p. 24½ cm. (Treaty Series No. 22 (1932). Cmd. 4135.) 3d.

OPIUM TRAFFIC

ADVISORY Committee on Traffic in Opium and Other Dangerous Drugs. Summary of Annual Reports of Governments on the Traffic in Opium and Other Dangerous Drugs for the Years 1929 and 1930. I. Summary of Annual Reports. II. Synoptic Statistical Tables. Geneva, 1932. 114 p. 33 cm. (League of Nations, C. 329. M. 200. 1932. XI. 3.)

ADVISORY Committee on Traffic in Opium and Other Dangerous Drugs. Minutes of the Fifteenth Session. Held at Geneva from April 15 to May 4, 1932. Geneva, 1932. 125 p. 33 cm. (League of Nations, C. 575. M. 282. 1932. XI. 4.)

CONFERENCE on the Limitation of the Manufacture of Narcotic Drugs, Geneva, May 27–July 13, 1931. Report of the Delegation of the United States to the Secretary of State. Washington, 1932. 76 p. 23¼ cm. (The Department of State, Conference Series, No. 10, Publication No. 340.) 10 cents.

CONFERENCE on the Suppression of Opium-Smoking Convened under Article XII of the Geneva Opium Agreement, 1925. Bangkok, November 9–27, 1931. Minutes of the Meetings and Documents Submitted to the Conference. Geneva, 1932. 127 p. 33 cm. (League of Nations, C. 577. M. 284. 1932. XI. 5.) $1.25.

PERMANENT CENTRAL Opium Board. Report to the Council on the Work of the Centra Board during its Eleventh, Twelfth and Thirteenth Sessions and on the Statistics for the Year 1931. Geneva, 1932. 14 p. 33 cm. (League of Nations, A. 35. 1932. XI. 6.)

PACIFICATION

REQUEST for Assistance Submitted by the Liberian Government. Dr. Mackenzie's Mission to the Kru Coast. Geneva, 1932. 14 p. 33 cm. (League of Nations, C. 662. M. 319. 1932. VII. 10.)

The Special Commissioner of the League of Nations on this mission settled quarrels and restored order among 18 tribes which were hostile to each other or to the government.

PEACE

CO-OPERATION of the Press in the Organisation of Peace. Geneva, 1932. 26 p. 33 cm. (League of Nations, A. 31. 1932. G. Q. 7.)

COLLABORATION of Women in the Organisation of Peace. Report by the Secretary-General. Resolution of the Assembly. Geneva, 1932. 19 p. 33 cm. (League of Nations, A. 10. 1932. G. Q. 4.)

THE PACT OF PARIS. Three Years of Development. Address by the Honorable Henry L. Stimson, Secretary of State, before the Council on Foreign Relations, New York City, August 8, 1932. Washington, 1932. 12 p. 22¼ cm. (The Department of State, Publication No. 357.)

Printed also in Foreign Affairs, Supplement to Volume 11, No. 1.

RELIEF

AMELIORATION of the Condition of the Wounded and the Sick of Armies in the Field (Red Cross Convention). Convention between the United States of America and Other Powers. Signed at Geneva, July 27, 1929. Washington, 1932. 37 p. 23¼ cm. (Treaty Series, No. 847.) 5 cents.

NANSEN International Office for Refugees (Under the Authority of the League of Nations). Report of the Governing Body. Geneva, 1932. 26 p. 33 cm. (League of Nations, A. 24. 1932 XIII. 1.)

SINO-JAPANESE DISPUTE

APPEAL by the Chinese Government. Report of the Commission of Enquiry. Geneva, 1932. 148 p. 14 maps. 33 cm. (League of Nations, C. 663. M. 320. 1932. VII. 12.) $2.50.

Reprinted, without maps, under added title page as follows:

MANCHURIA. Report of the Commission of Enquiry appointed by the League of Nations. Washington, 1932. 148 p. 33 cm. (Department of State, Publication No. 378.) $0.50.

The voluminous annexes and special studies annexes to the Report, which was itself released on

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October 1, were ready for printing only on November 1 and were manufactured for the use of the Council at its session beginning November 21. They are not reprinted by the Department of State.

RECORDS of the Special Session of the Assembly convened in virtue of Article 15 of the Covenant at the Request of the Chinese Government. Volume II. Geneva, 1932. 52 p. 33 cm. (League of Nations, *Official Journal*, Special Supplement No. 102.) $0.50.

The PRESENT CONDITION OF CHINA With Reference to Circumstances Affecting International Relations and the Good Understanding between Nations Upon which Peace Depends. Document A. [?Tokyo], 1932. xi, 142, 65, 32, 47, 45, 68, 126, 63 p. map. 26 cm.

Appendices: 1. Chinese Pirates; 2. Tables Showing Outrages Committed by Chinese on Foreigners Other than Japanese in China during the Past Ten Years (1922–31); 3. Communism in China; 4. Present Condition and Validity of the So-called Twenty-one Demands; 5. Anti-Foreign Education in China; 6. Leading Cases of Chinese Infringement of Treaties; with a Brief Outline of Negotiations Thereon between Japan and China; 7. Anti-Foreign Boycotts in China.

RELATIONS OF JAPAN with Manchuria and Mongolia. Document B. [?Tokyo], 1932. x, 203, viii, 47 p. map. 26 cm.

Appendix 1: Provisions of Treaties, Agreements, etc., concerning Rights and Interests of Japan in Manchuria and Mongolia.

THIRD REPORT on Progress in Manchuria, 1907–32. The Twenty-fifth Anniversary Number Containing a Survey of the Manchurian incident and League Council's Proceedings. Dairen, The South Manchuria Railway, 1932. vii, 235 p. maps. 28½ cm.

SLAVERY

PAPERS concerning Raids from Ethiopian Territory into the Anglo-Egyptian Sudan. London, 1932. 23 p. 24½ cm. (Ethiopia No. 1 (1932). Cmd. 4153.) 4d.

SLAVERY. Report of the Committee of Experts on Slavery Provided for by the Assembly Resolution of September 25, 1931. Geneva, 1932. 27 p. 33 cm. (League of Nations, C. 618. 1932. VI. B. 1.)

STRESA CONFERENCE AND EASTERN EUROPE

COMMISSION of Enquiry for European Union. Report by the Stresa Conference for the Economic Restoration of Central and Eastern Europe. Submitted to the Commission of Enquiry for European Union. Geneva, 1932. 40 p. 33 cm. (League of Nations, C. 666. M. 321. 1932. VII. 11.)

FINANCIAL COMMITTEE. Report to the Council on the Work of the Forty-Seventh Session of the Committee (Geneva, September 19 to October 7, 1932). Geneva, 1932. 5 p. 33 cm. (League of Nations, C. 697. M. 334. 1932. II. A. 21.)

FINANCIAL Position of AUSTRIA in the Second Quarter of 1932. Third Quarterly Report by M. Rost van Tonningen, the Representative in Austria of the Financial Committee. Geneva, 1932. 40 p. 33 cm. (League of Nations, C. 568. M. 278. 1932. II. A. 19.)

INTERNATIONAL Agreement between the Creditor Powers respecting State Properties ceded by AUSTRIA, HUNGARY and BULGARIA, the Liberation Debts and the Distribution of non-German Reparations, The Hague, January 20, 1930. London, 1932. 8 p. 24½ cm. (Treaty Series No. 25 (1932). Cmd. 4146.) 2d.

SETTLEMENT of BULGARIAN Refugees. Twenty-fourth Report of the Commissioner of the League of Nations in Bulgaria. Quarter from May 15 to August 15, 1932. Geneva, 1932. 24 p. 33 cm. (League of Nations, C. 614. M. 302. 1932. II. A. 20.)

TRANSLATIONS, LITERARY

INDEX translationum. International Bibliography of Translations. No. 1–, July–, 1932–, Paris, 1932–. Quarterly, 27 cm. (League of Nations, International Institute of Intellectual Coöperation.) $1.00.

TREATIES

ANNEX to the Supplementary Report on the Work of the Council and the Secretariat to the Thirteenth Ordinary Session of the Assembly of the League of Nations. RATIFICATION of Agreements and Conventions Concluded Under the Auspices of the League of Nations. Thirteenth List. Geneva, 1932. 112 p. 33 cm. (League of Nations, A. 6 (a). 1932. V. 1. Annex.)

RATIFICATION of International Conventions Concluded Under the Auspicies of the League of Nations. Results of the Second Enquiry addressed by the Secretary-General to the Governments under the Assembly's Resolution of October 3, 1930. Geneva, 1932. 22 p. 33 cm. (League of Nations, A. 25. 1932. V. 5.)

WATERWAYS

GREAT LAKES-ST. LAWRENCE Deep Waterway Treaty. Text of the treaty between the United States and Canada, signed at Washington, July 18, 1932; statements of the President and the Department of State; and report of the Joint Board of Engineers of April 9, 1932. Washington, 1932. 25 p. 23¼ cm. (The Department of State, Publication No. 347.) 5 cents.

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